Directors of the Union Bank of Newfoundland, defendants.

CENTRE FOR NFLD. STUDIES
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MEMORIAL UNIVERSITY OF NEWFOUNDLAND

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IN THE MATTER OF THE CROWN vs. THE DIRECTORS OF THE UNION BANK OF NEWFOUNDLAND.

List of Exhibits.

1.—Exhibits Produced and Given in Evidence by W. H. CROWDY.

—:o:—

W. H. C. 1.—General Statement of the affairs of the Union Bank for year ending 31st May, 1893.

W. H. C. 2.—39th Annual Report, June 17th, 1893.

W. H. C. 3.—Balance Sheet Book, 1893.

W. H. C. 4.—Copy of Minutes, June 8th, 1893.

W. H. C. 5.—Copy of Minutes, June 16th, 1893.

W. H. C 6.—Copy of Minutes, June 17th, 1893—Annual Meeting.

W. H. C. 7.—Extract from Balance Sheet, 1893,—details of item 3, Asset Side.

W. H. C. 7½.—General Statement of the affairs of the Union Bank for year ending 31st May, 1894.

W. H. C. 8.—40th Annual Report, June 16th, 1894.

W. H. C. —.—Copy of Profit & Loss a/c., May 31st 1894.

W. H. C. 9.—Extract from the Individual Ledger.

W. H. C. 10.—List of Debit Balances, Nov. 30, 1894.

W. H. C. 11.—Statement of Director's liabilities May 31st 1893.

W. H. C. 12.—Memo. of Exchange for same date.

W. H. C. 13.—Memo. of Discounts for same date.

W. H. C. 14.—Treasury Safe Book, showing cash in Treasury, May 31st, 1894.

W. H. C. 15 & 16.—Memo. cash book.

W. H. C. 17—Guarantee of M. Dea.

W. H. C. 18 & 19.—Minute Book for 1894.

W. H. C. 20.—Statement of Notes falling due in favor of Directors, (Baine, Johnston, & Co.) 1893.

W. H. C. 21.—Baine, Johnston, & Co., for 1894.

W. H. C. 22.—Thorburn & Tessier, 1893.

W. H. C. 23.—The same for 1894.
W. H. C. 24.—Harvey & Co., for 1893.
W. H. C. 25.—The same for 1894.
W. H. C. 26.—Discount Book, Local Bills Discounted.
W. H. C. 27.—Statement showing yearly balances of Notes running from 1875 to 1894 (Harvey & Co.)
W. H. C. 28.—Copy of Reserve Fund a/c.

2.—Exhibits Produced and Given in Evidence by CHAS. S. PINSENT.

:o:

C. S. P. 1. & 2.—2 Minute Books from 1880 to present time.
C. S. P. 3.—Copy of Minutes Oct. 1881.
C. S. P. 4.—Copy of Minutes June 16th 1884.
C. S. P. 5.—Copy of Minutes April 18th 1889.
C. S. P. 6.—Copy of Minutes June 25th 1890.
C. S. P. 7.—Copy of Minutes Dec. 9th 1891.
C. S. P. 8.—Copy of Minutes May 2nd 1892.
C. S. P. 9.—Statement of the profits for 1894.
C. S. P. 10.—3 Letters from W. B. G. marked A, B, C.
C. S. P. 11.—Baine & Johnston's Letter, March 21st, 1894.
C. S. P. 12.—Baine & Johnston's Letter, May 7th, 1894.
C. S. P. 13.—Letter Goldie to Grieve, March 27th 1894.
C. S. P. 14.—Letter Goldie to B. & Johnston, April 10th 1894.
C. S. P. 15.—Letter Goldie to B. & Johnston, May 18th 1894.
C. S. P. 16.—Letter Outerbridge to Pinsent, June 13th 1894.
C. S. P. 17.—Letter Harvey to Thorburn, Pres. June 9th 1894.
C. S. P. 18.—Letter Harvey to Thorburn, June 20th 1894.
C. S. P. 19.—List of shares transferred, June 17th 1893.
C. S. P. 20.—Statement of profits for Nov. 1894.
C. S. P. 21.—Analysis of profit & loss acct. to May 31st 1893.
C. S. P. 22, 23, 24.—3 Mortgages from W. B. Grieve.
C. S. P. 25.—Statement of profits to May 31st 1893.
C. S. P. 26, 27, & 28.—Statement of Thorburn & Tessier's business.
C. S. P. 29.—Letter from Harvey, Aug 10th, 1891
C. S. P. 30.—Reply to above, Aug. 31st, 1891.
C. S. P. 31.—Letter from Harvey, April 20th, 1893.
C. S. P. 32.—Reply to above, April 31st, 1893.
C. S. P. 33.—Slip found in letters in Union Bank.
C. S. P. 34.—Letter from Thorburn, Dec. 15th, 1891.
C. S. P. 35.—Statement of the Sale of American Securities.

3.—Exhibits Produced and Given in Evidence by WM. W. WATSON.

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W. W. W. 1.—General Statement of affairs of Union Bank on December 31st 1894.

W. W. W. 2.—General Statement of affairs after approximate adjustment Exchange.

4.—Exhibits Produced and Given in Evidence by JAMES GORDON.

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J. G. 1 & 2.—Exchange passing between Munn and Bennett through Union Bank.

J. G. 2. A to V.—Receipts for Exchange.

J. G. 3.—Remittance to C. T. Bennett by Union Bank for Credit of J. Munn & Co.

J. G. 3. A. to Z.—Requests for drafts from J. Munn & Co. to Union Bank.

J. G. 4.—Monthly Balance Sheet for the year ending 31st May, 1893.

J. G. 5.—Letter from C. S. Pinsent to Messrs. Thorburn & Tessier, March 23rd, 1895.

J. G. 6.—Letter from Thorburn & Tessier to C. S. Pinsent, March 25th, 1895.

J. G. 7.—Letter from C. S. Pinsent to Messrs. Thorburn & Tessier, March 25th, 1895.

J. G. 8.—Letter from Thorburn & Tessier to C. S. Pinsent, March 26th, 1895.

J. G. 9.—Inventory of Stock at Fogo.

J. G. 10.—Remains of stock at Twillingate.

J. G. 11.—Gross Statement of Stock at sundry places.

J. G. 12.—Account Current Book.

J. G. 13.—Union Bank Statement of Capital, Reserve and Overdrawn accts., from 1870 to 1876.

J. G. 14.—Sir Robert Thorburn's Acct. with Union Bank from 1889 to 1892.

J. G. 15.—List of shares transferred. from Jany. 1892 to Dec. 1894.

J. G. 16.—Current Acct. Credit balances and Deposit Receipts 1870 to '76.

J. G. 17.—Statement of Bills of Exchange of certain firms running from 1870 to 1876.

J. G. 18.—Statement of interest on account and on Notes discounted and the profit on Sterling Exchange in Thorburn and Tessier's Acct. from 1888 to 1894.

5.—Exhibits Produced and Given in Evidence by J. T. GILLARD.

———:o:———

J. T. G. —V.—Statement showing largest indebtedness at any one time of certain firms.

J. T. G. —M.—Statement showing largest indebtedness to Bank on Current Acct. &c.

J. T. G. 1.—(*a*)—Accounts for which provision should have been made prior to statement of 31st of May 1894.

J. T. G. 3.—Amount of promissory notes of Thorburn and Tessier and John Munn & Co., and which Harvey & Co., and A. Harvey & Co. were endorsers.

6.—Exhibit Produced and Given in Evidence by J. M. GREATA.

:o:

J. M. G. 1.—Annual Report and Statement of the Bank of Montreal, 1895.

7.—Further Exhibits Produced and Given in Evidence by W. H. CROWDY.

:o:

W. H. C. (*a*)—Memo. showing total amt. of promissory Notes paid by each of the firms.

W. H. C. (*b*)—J. P. Furlong's letter, Jany. 29, 1892.

W. H. C. (*c*)—L. O'B. Furlong's letter, Jany. 29, 1892.

W. H. C. (*d*)—J. P. Furlong's letter, Jany. 29th 1892.

W. H. C. (*e*)—A. S. Rendell's letter, 3rd Oct. 1889.

W. H. C. (*f*)—Statement of L. Parker's Assets and Liabilities.

W. H. C. (*g*)—Outstanding adventures, J. Munn & Co.

8.—Exhibit Produced and Given in Evidence by W. E. STAVERT.

:o:

W. E. S. 1.—Trustees' statements of Thorburn & Tessier's affairs.

The Examination of WILLIAM H. CROWDY, of St. John's, Cashier of the Union Bank of Newfoundland, taken upon oath, who says:

"I am the Accountant of the Union Bank, and have been in the Bank for over twenty-four years. Previous to Mr. Goldie's, late Manager's, going away I was Paying Teller. The Bank closes its financial year on the 31st of May in each year, and makes a Report of its proceedings. The Report is called the "Annual Report for" the year, as the year may be. It is prepared by the Manager from the Balance-Sheet of the Bank. The Balance-Sheet is submitted to the Directors of the Bank; they see it and check it off from the General Ledger.

"We take a Balance-Sheet before closing the books, and one after the closing (which is on the 31st of May,) as a matter of practice. That is taken off by the Accountant or person acting for him. We take a similar Balance-Sheet every month to the one taken before the closing. The Balance-Sheet taken after the closing of the books is after distribution of profits. It is from the one shewing the distribution of profits that the Annual Report and Statement are taken and made. The Balance-Sheet and Annual Statement agree—that is, the second Balance-Sheet.

"In May, 1893, the General Statement was made (as usual, as far as I know), by Mr. Goldie. Mr. Goldie was Manager. The Directors in 1893 were Sir R. Thorburn, Mr. Harvey, Mr. Grieve, and Mr. Donnelly, all now present, and Mr. Munn, since deceased. The paper writing now put into my hands is in the handwriting of Mr. James Goldie, and is signed by the aforesaid Directors, Thorburn, Harvey, Grieve, and Donnelly. It is the General Statement of the Affairs of the Union Bank of Newfoundland for the year ending 31st May, 1893. The second paper writing, also in Mr. Goldie's writing, is the Thirty-Ninth Annual Report, which accompanies the Annual Statement. They are respectively marked "W. H. C. 1." and "W. H. C. 2."

"I have never been present at an Annual Meeting. I think it is the practice to produce the Annual Statement at the Annual Meeting.

"The General Statement purports to shew the liabilities of the Bank and the assets of the Bank." (This evidence was objected to, and James Gordon was called to prove publication. Vide his evidence, post.) "Looking at the liabilities of the Bank in "W. H. C. 1." the first item is "Proprietors' Capital," the second is "Reserve Fund," the third is "Profit and Loss. (Undivided Profit)," the fourth is "Bank Notes in Circulation," the fifth is "Amounts due by Bank, including deposits"; the sixth, seventh, and eighth are the distribution of the Dividends. And the amount of the Liabilities of the Bank is $4,750,798.23.

"The Assets, first item, are "Specie." I believe the amount to be correct. The second item is "Notes of other Banks." I believe it to be correct. The third item, $2,363,728.10, is "Bills Discounted, Loans, &c."

(The Balance-Sheet Book, 1893, is here produced.) "I note the balance for 1893; the final balance for 31st May 1893 is to be found in "W. H. C. 3." now put in. The difference between the $4,331,218.61 and the figures checked off by the magistrate and marked "J. G. C." are made up of Foreign Securities. Looking

back at the Statement for 1893, the entry " Bills Discounted, Loans, &c.," $2,363,728.10, includes Current Accounts $1,768,124.68.

" I have in the Balance-Sheet Book the balance for November, 1893. It is " C. 2." of " W. H. C. 3." Looking at it, the profits of our Bank from May to November 1893 are not shewn, but I produce the memorandum of the profits for that half-year ending in November 1893, in the handwriting of Mr. Goldie." (The objection raised to the reception of this paper is sustained, but the witness is allowed to use it as a clue to his own accounts—which he fails to do.)

" I am able to state from the books what were the gross profits for the half-year ending in November, 1893. I can tell from the copies which are put in " W. H. C. 3."; they were:

Interest Account	38068 31
Cr. of Col. Exchange Account	29170 94
Cr. of Exchange Account	31214 42
Making a total of ...	$98453 67

" I am unable to make up the net profits for that half year. There is no account in the Bank books for that half year of the net profits.

" I turn up my Minute Book for 1893. That is kept by the Manager. It is in his handwriting for 1893. For the 8th of June 1893 the minute is in Mr. Goldie's handwriting." (The reception of this minute is objected to on the ground that it is not signed by the Directors against whom it is offered.) " It is signed by Chairman Thorburn, now present." (Copy put in, marked " W.H.C. 4.")

(In the same book the Minute for 16th of June, 1893, marked " W. H. C. 5," is offered and objected to. The Minute refers to the submission of the Annual Statement to the Directors by the Manager. The Minute of June 17th, 1893, marked " W. H. C. 6." is a record of the Annual Meeting of Shareholders, and its admission is objected to. Witness' attention is called to a Memorandum, marked " W. H. C. 7." whose admission is objected to.)

" It is taken from the Balance-Sheet, shewing in May, 1893, the Local Bills discounted on hand on the 31st of May, 1893, and overdrawn accounts at that date. It shows the same in November, 1893. I made the copy from the Balance-Sheet. It shows the Local Bills discounted and the Current Accounts correctly.

Local Bills discounted and held 31 May 1893 came to..	$393,369 79
Current Accounts overdrawn amounted to.....	1,768,124 68
In Nov. 1893, Local Bills Discounted amounted to.....	591,988 27
Current Accounts to.....	2,318,275 65

The Accounts marked " W. H. C. 3." (pages 1, 2, 3, 4,) and " W. H. C. 4." " W. H. C. 5." and " W. H. C. 6." are correct copies made by myself from the books, and are correct as to figures.

" I turn up Profit & Loss Account for 1893;—the balance for the 31st of May, 1893, after transfer, shews to credit $9,244.63. It is a correct copy of the Balance-Sheet. The balance for 1893 is $15,172.15 to credit without transfers. There are no transfers in November.

" I produce the General Statement of the affairs of the Bank for 1894, and the Report for that year, ending May 31st. (These are marked " W. H. C. 7." and " W. H. C. 8." and their admission is objected to.)

"That Statement is signed by Mr. Pinsent, "pro Manager," and by R. Thorburn, Chairman, W. J. S. Donnelly, and Robert S. Munn. It is in the handwriting of the parties named

"The Balance-Sheets for May and November, 1894, are contained in "W. H. C. 3." The Statement taken from Balance-Sheet shewing Local Bills discounted and Current Accounts overdrawn for May and November is correct. The amounts are respectively:—

Local Bills discounted, May 31st 1894,..... $498,409.41.
Current Accounts, same date,..... 2,243,211.49.
Local Bills discounted, Nov. 30th, 1894, am't to 519,865.82.
The Current Accounts amount to... ..... 2,792,474.08.

"I produce a correct copy of my Profit and Loss balance, shewing $7,319.79 to the credit of that Account up to May 31st, 1894. The Credit to November 30th, 1894, is the same.

"In 1894 the Bank opened a Contingent Account. On 31st May 1894, the amount to the Credit of that account was $30,000.00; and the same amount in November, Folio 24, General Ledger."

(Signed) W. H. CROWDY.

Sworn before me at St. John's, aforesaid, this Thirty-first day July, A.D. 1895.

(Signed) J. G. CONROY, J.P.

The evidence of JAMES GORDON, of St. John's, Merchant, taken upon oath, who says:—

"I am one of the informants. I was present at the Annual Meeting of the Union Bank Shareholders in 1893. An Annual Report and Statement of the affairs of the Union Bank for the financial year ending on the 31st of May, 1893, was read by the Manager, and I took a copy of the items,—liabilities and assets. I recognize the writings "W. H. C. 1," and "W. H. C. 2," as Mr. Goldie's writing, and I believe this paper in my hand, (as above marked) is the Report. The contents of the Report which I copied are quite the same as those in this Report, and I believe this to be the Statement which was read."

Cross-Examined by Mr. Morine:—

"I have been for sixteen or seventeen years in the habit of attending the Annual Meetings. I made a copy of the Statement. I have not compared my copy with the Statement,—but I believe it to be a copy of that Statement. I have not recently compared them, and I don't identify this writing as the particular document read that day, but I identify the contents as those read on the occasion. I can't identify the document as the one actually read at the meeting. I swear it had contents like that, and that it was signed by Judge Conroy."

(Mr. Morine, L.L.B., objects now to the receipt of this document. "W.H.C. 1," and "W.H.C. 2."

Mr. Gordon is called to prove publication, and his evidence is taken as sufficient for *prima facie* proof.)

(Signed) JAMES GORDON.

Sworn before me at St. John's, aforesaid, this thirty-first day of July, A.D. 1895.

(Signed) J. G. CONROY, J.P.

The further Examination of WILLIAM H. CROWDY, taken upon oath this First day of August, A.D. 1895.

"In the General Statement for 1893, "W. H. C. 1," the Dividend of $27,360 under head of Liabilities was paid to the various Shareholders. The Dividend of $27,360 for the half-year ending on the 31st of May, 1893, was paid. 'To Bonus, $13,680'; that amount was paid, to the Shareholders.

"In 1894, ("W. H. C. 7," General Statement for 1894), No. 78 of $27,360, the Dividend for the half-year ending Nov. 1893, was paid. Dividend No. 79 of $27,360, for the half-year ending May 31st 1894, was paid. The Bonus No. 36 for the year ending May 31st, 1894, of $13,680, was paid in cash, remitted, or credited. All the Dividends and Bonuses were either paid in cash or remitted, or credited in account.

"Of local Bills discounted, the liability on the 31st of May, 1893, of Messrs. Harvey & Co. were $188,373. Their liability then on Current Account was $42,180.66.

"The liabilities of the Directors on the 31st of May, 1892, or of their firms, were as follows:—(The admission of this evidence was objected to.)

Harvey & Co., May 31st, 1892.

Liability on Discounts	$291,857 00
Ditto on Current Account.	5,244 36
Ditto on Furniture Guaranteed. ...	18,480 25
Total	$315,581 61

Harvey & Co., 31st May, 1893.

Liability on Discounts	$188,373 00
Ditto on Current Account	42,180 66
Ditto on Furniture Guarantee... ...	18,480 25
Total	$249,033 91

Harvey & Co., Nov. 1893.

Liability on Discount.....	$295,213 00
Ditto on Current Account.....	62,187 35
Furniture Factory.....	19,037 14
Total	$376,437 49

Harvey & Co., May, 1894.

Liability on Discounts..... ...	$195,584 00
Ditto on Current Account.	67,451 76
Ditto on Furniture.....	19,612 95
Total	$282,648 71

Harvey & Co., Nov. 1894.

Liability on Discounts	$233,984 00
Ditto on Furniture	20,196 50
Total	$254,180 50
Less Credit on Current Account	127 32
Balance of Indebtedness for half year	$254,053 18."

(Mr. Johnson, Q.C., objects to Mr. Harvey's Account being included in Directors' discounts for 1894, he not being a Director.)

" The foregoing liabilities on discounts include, not only any liability of Harvey & Co. as makers of notes, but also any liability as indorsers of notes of third parties. There was a credit to the account of Harvey & Outerbridge, (I believe the partners in the firm of Harvey & Co.,) closed on the 6th of September, 1894, amounting to $26,655 54. It went to their credit on that date, and it reduced the current account on the 30th of November, and placed it in credit to $127 32. On January 1st, 1894, the account of Harvey & Outerbridge was in credit $15,966 48, and in the course of 1894 there were some half dozen credits up to the 6th of September."

(Witness has not the figures, but thinks that Harvey & Outerbridge was in credit at the various periods in 1893 and 1894 that the balances were struck.

Witness has his attention called to the account of Thorburn & Tessier.)

" 1892 May 31.

Discounts, were	$33,434 00
Current Account	181,110 74
Walter Grieve & Co	35,308 07
Thorburn &Tessier Seal Oil	142,940 98
Exchange on English Banks, Union Bank indorsed,	20,400 00
Total	$413,193 76

Nov. 30, 1892.

Discounts	$5,582 00
Current Account	246,508 88
W. Grieve & Co	19,266 64
Seal Oil Account	61,286 10
Exchange	71,280 00
Total	$403,923 62

1893 May 31st.

Discounts	$16,142 00
Current Account	280,610 30
W. Grieve & Co	19,939 06
Seal Oil	57,341 26
Exchange	78,240 00
Total	$452,272 62

1893, Nov. 30th.

Discounts	$10,624 00
Current Accounts	379,233 30
W. Grieve & Co	20,532 31
Seal Oil	19,715 27
Exchange	98,880 00
Total	$528,984 88

1894, Nov. 30.

Discounts	$12,129 00
Current Acconnt	468,504 19
W. Grieve & Co	21,782 70
Exchange	90,840 00
Total	$593,255 89"

(Witness's attention is next called to the Account of Baine, Johnston, & Co. The same periods are taken.)

" Baine, Johnston, & Co., 1892,

May 31.

Discounts	$42,827 00
Current Account	219,648 39
Exchange	132,000 00
Total	$394,475 39

Nov. 30.

Discounts	$71,816 00
Current Account	179,344 82
Exchange..... .	124,800 00
Total	$375,960 82

Baine, Johnston, & Co., 1893.

May 31.

Discounts	$39,261 00
Current Account.....	183,845 45
Exchange	120,000 00
Seal Oil Account	28,000 67
Total	$371,107 12

Nov. 30.

Discounts	$62,434 00
Current Account	232,979 82
Exchange	192,000 00
Seal Oil Account	28,327 48
Total	$515,741 30

Baine, Johnston, & Co., 1894.

May 31.

Discounts	$18,783 00
Current Account	294,117 85
Exchange	168,000 00
Total	$480,900 85

Nov. 30.

Discounts	$30,720 00
Current Account	434,606 01
Exchange	172,800 00
Total	$638,126 01

(The account of John Munn & Co. is handed to witness.)
John Munn & Co., 1892.

May 31.

Discounts	$15,907 00
Current Accounts	75,099 84
Exchange	168,000 00
Total	$259,006 84

Nov. 30.

Discounts	$6,723 00
Current Account	104,378 86
Exchange	324,000 00
Total	$435,101 86

John Munn & Co., 1893.

May 31.

Discounts	$9,831 00
Current Account	70,404 93
Exchange	151,200 00
Total	$231,435 93

Nov. 30.

Discounts	$18,457 00
Current Account	158,940 25
Exchange	369,600 00
Total	$546,997 25

John Munn & Co., 1894

May 31.

Discounts	$9,183 00
Current Account	74,611 79
Exchange	138,000 00
Total	$251,794 79

Nov. 30.

Discounts	$15,002 00
Current Accounts	198,795 74
Exchange	345,600 00
Total	$559,397 74

(The Account of W. J. S. Donnelly is produced.)

"The indebtedness on Jan. 1st of 1892 was....$75,913 66
of 1893..... 74,163 66
of 1894..... 72,413 66
of 1895..... 72,163 66

That is not the only account of Mr. Donnelly, that is No. 1 Account.

"On the 31st of January, 1891, another account, No. 2., was opened for him with a credit of $3,000.00, which was transferred from No. 1 account, on which there is a debit of the same amount on the same date. The balance of No. 2 account on January 1st was

in 1892, a credit of	$2,707 71
in 1893, a credit of	4 40
in 1894, a debit of	2,753 13
in 1895, a debit of	5,166 44

In the No. 1 account interest is charged up to December 31st, 1890. It is not charged on No. 1 account after that day. No. 2 account is regularly charged with its own interest."

("W. H. C. 9." is produced.) "It is a correct extract from the Individual Ledger. It is a Memorandum of A. M. McKay's debit balances from the 31st of May, 1890, to the 30th of November, 1894." (The admission of this evidence was objected to.)

"Mr. McKay owed the Bank in

May 1890	$105,141 34
Nov. 1890	108,168 99
May 1891	109,532 09
Nov. 1891	108,512 39
May 1892.....	107 178 28
Nov. 1892	106,671 44
May 1893.....	106,504 67
Nov 1893.....	106,383 71
May 1894.....	102,499 19
Nov. 1894	102,970 99

("W. H. C. 10." is handed to the Witness.)

"It is a list of all the debit balances for the 30th of November 1894. It is a correct extract from the Individual Ledger." (The admission of this is objected to.)

"The total amounts to ..... $2,792,474 08."

(Signed) W. H. CROWDY.

Sworn before me at St. John's, aforesaid, this First day of August, A.D. 1895.

(Signed) J. G. CONROY, J.P.

The further Examination of W. H. CROWDY, taken this 2nd day of August. A.D. 1895.

"The extracts put in are correct copies of the Bank Minutes for the 8th of June, 1893, 16th of June, 1893, and 17th of June, 1893." (The reception of these is objected to by Mr. Morine, as against Donnelly and Grieve, and by the other professional gentlemen as representing Harvey. Not the copies, but the minutes themselves are objected to. Mr. Morris, for Thorburn, also objects.)

"I will produce the corresponding minutes for the corresponding dates of 1894. I produce the statement of the total liabilities of all the Directors on the 31st of May, 1893, and their firms, on Current Account. The Furniture Factory Guarantee is included in Mr. Harvey's account. In the Ledger the Furniture Factory's account is marked "Guaranteed by Harvey & Co."

On May 31st, 1893, the total indebtedness of Directors and their firms was on *Current Account* ..	$778,419 18
This paper is a correct statement of the Directors' liabilities, taken off the books, and is marked "W. H. C. 11." I produce a memorandum of *Exchange* for the same date. The total liabilities of Directors and their firms under that head are	349,440 00
I have copied those from memorandums taken by myself from the books, and I am satisfied that the figures are correct. Marked "W. H. C. 12." I produce a memorandum of *Discounts* for the same date, due by the Directors and their firms. The total is..	253,607 00
The *total* of their liabilities under the foregoing heads is:—.....	$1381,466 18."

(Witness has his attention called to current account "W.H.C. 11 b.") "(For Nov. 1893.)" The total indebtedness of Directors and their firms on Current Account is	$998,154 41
Exchange indebtedness for the same period is ("W. H. C. 12 b.")	660,480 00
The Discounts for same period	386,728 00
The total indebtedness under the three heads for Nov. 1893 is	$2045,362 41
For May 31st, 1894.	
Their total indebtedness on current account was	893,050 61
On Exchange	396,480 00
On Discounts	262,274 00
Total indebtedness under these three heads	$1551,804 61
For Nov. 30th. 1894.	
Current Account	$1221,322 05
On Exchange	609,240 00
On Discounts	291,835 00
The total is	$2122,397 05

Witness is referred to the Balance-Sheet for the 31st of May, 1893 and 1894, and to the item "returned Bills of Exchange," amounting each year to $18,895 32.

"That was a bill of J. E. Simpson & Co., a bill drawn by Philip Cleary on them and dishonoured."

("W. H. C. 10," List of Current Accounts, is handed to Witness, who is asked to look at the account of Barnes & Co. This is objected to.)

"Their indebtedness is $6,756.05. Clift, Wood, & Co., owe $36,527.15."

(At this stage "W. H. C. 10" is ruled out for the present, as it appears to the Court that the condition of the private accounts of individuals at the 31st of May, 1894, must be first taken.)

"The account of Barnes & Co., on the 31st of May, 1894, was $6,756.05. It was the same in Nov. 1893 and in Nov. 1894. In May 1893 L. Parker's account was $18,728.31; in Nov. 1893 $17,184.19; in May 1894 $19,937.70; in Nov. 1894 $20,536.06.

Clift, Wood, & Co's A/c on 31st May 1893 was	$4,527 79
30th Nov. 1893	35,074 44
31st May 1894	32,334 78
30th Nov. 1894	36,527 15
Waterman & Co.'s Acct. was on 31st May 1893	$34,217 49
30th Nov. 1893	34,217 49
31st May 1894	32,201 52
30th Nov. 1894	32,201 52
J. V. O'Den's account was on 31st May 1893	$2,885 33
30th Nov. 1893	shews none
31st May 1894	2,563 07
30th Nov 1894	851 87

"Fisherman & Seaman's Home, May 1893.... $12,747 32

" I think there is a guarantee for that account from Harvey now present, and I think there are other names.

' J. J. & L. Furlong.

May, 1893	$13,850 89
Nov. 1893	13,850 89
May, 1894	10,850 89
Nov. 1894	10,850 89

" Shea & Co.

May, 1893	$31,603 67
Nov. 1893	34,454 22
May, 1894	37,293 91
Nov. 1894	30,332 38

" J. & W. Stewart.

May, 1893	$10,318 81

(Nothing appears after May, 1893, in this account.)

" D. J. Green, Harbor Grace	No. 1 a/c.	No. 2 a/c.
May, 1893	$1,592 50	$445 70
Nov, 1893	1,639 89	445 70
May, 1894	1,689 50	445 70
Nov. 1894	1,739 78	445 70 "

(Signed) W. H. CROWDY.

Sworn before me at St. John's, aforesaid, this third day of August A.D. 1895.

(Signed) J. G. CONROY, J.P.

The further Examination of WILLIAM H. CROWDY, taken upon oath this 5th day of August, A.D. 1895.

" I produce my Treasury Safe Book, " W. H. C. 14." From that book I cannot tell the last date on which Harvey signed it. This book is made up to shew the Cash in the Treasury on the 31st of May, 1894, about which time the Treasury Cash is counted by the Directors as a matter of custom in the course of the first or second week of June. The Directors as a matter of practice after counting the Cash sign that book. It is signed in 1894 by Harvey with his initials, by Donnelly and Thorburn with their initials. The signature by initials is the usual practice. My cash was counted on the 31st day of May, 1894, as Paying Teller. The Receiving Teller's cash was also counted on that day. I don't remember who counted my cash at that date, but I can tell by reference to my book. It was on Saturday, the 9th of June, to the best of my knowledge and

belief, that the Cash in the Treasury was counted. By reference to my memorandum book I find that my cash was counted on the 31st day of May, 1894, and also the Receiving Teller's on the same date, as is shewn by the initials by Sir Robert Thorburn and Mr. Harvey, who have initialled both. ("W. H. C. 15 and 16.")"

(Signed) W. H. CROWDY.

Sworn before me at St. John's, aforesaid, this fifth day of August, A.D. 1895.

(Signed) J. G. CONROY, J.P.

The Examination of WILLIAM H. CROWDY, continued.

Cross-Examined by Mr. Morine, L.L.B., for Mr. Grieve and Mr. Donnelly:—

"The Annual Report is prepared from the Books of the Bank by the Manager, not from the Balance-Sheet. It is the Annual Statement that is taken from the Balance-Sheet. The Report is in the handwring of the Manager, but is not signed by him or by the Directors. That is the Report for 1893 in Mr. Goldie's handwriting. The Report for 1894 is in Mr. Pinsent's handwriting. In each the Report refers to the Statement in words. The Statement in neither year refers to the Report

"The Report for 18'3 refers to a large loss made by the Bank by the suspension of Messrs. P. & L. Tessier, and says 'as the bal-'ance of Profit and Loss account is not sufficient to pay the usual 'dividend and bonus, your Directors considered it preferable to draw 'from the Reserve Fund than to make any reduction of the dividend, 'which they trust will meet with your approval.' The amount transferred from Reserve to supplement Profit and Loss is shewn by the Report to have been $40,000.

"The Report for 1893 makes reference to bad and doubtful debts. It says that full provision has been made for them. In 1894 a similar statement is made in effect. These statements are made in the Annual Report. In 1893 and 1894 there was an account for bad and doubtful debts. That was the title "Bad and Doubtful Debts." It was an account standing to credit in the books of the bank to meet bad and doubtful debts. It was created by setting aside a portion of the Profit and Loss account of the Bank each year when considered necessary to meet debts due that the Bank believed might be bad.

"In the Annual Statements the amounts to the credit of the bad and doubtful debt account would appear as a liability of the Bank. On the Asset side of the Annual Statement would appear any bad and doubtful accounts that would not appear squared off into Profit and Loss, and which this Bad and Doubtful Debt account would be expected to provide for in course of time. One would offset the other in the Annual Statement as far as the Bad and Doubtful Debt account would go. A doubtful account, instead of being squared to Profit and Loss, and so closed, might be kept open in expectation of being realized in part, and while kept open would have to appear in the Annual Statement as an Asset. If on the side of Assets a sum of, say, $250,000 of doubtful debts appeared as Assets, and amongst the Liabilities as shewn there were an equal sum really due to the Bad and Doubtful Debt account, there would not be any actual misstate-

ment of the affairs of the Bank in effect. The Bad and Doubtful Debt Account stood to credit at the time of the Annual Statement on the 31st of May, 1893, $258,733.28, and so stood in the books at that date. On May 31st, 1894, that account stood in the books at the same amount. In the statements of 1893 and 1894 this amount was included in the Liabilities of the Bank. The amount was not a Liability to anyone outside of the Bank itself. It made the Liability of the Bank appear greater by that amount. There were amounts charged to that Bad and Doubtful Debt account in 1894, and certain other accounts credited with those amounts. Some of these accounts were closed altogether, and some provided for so far as considered bad in the previous May; a portion of the same went towards overdue notes,—notes overdue before May, and intended to be provided for by this account.

" To the Bad and Doubtful Debt account for 1894 on the 31st of December the following amounts were charged:—

To Past Due Bill Account	$25,706 98
Barnes & Co.	6,756 05
Henry Blatch	640 12
T. & J. Grace	1,357 59
D. J. Green, Harbor Grace	445 70
Rev. William Kirby	557 73
A. M. McKay	54,000 00
Newfld. Fish Drying Co., Ltd	2,876 81
John P. Shea	935 05
P. & L. Tessier	122,985 71
Waterman & Co	32,201 52
Returned Bills of Exchange of J. E. Simpson & Co.	9,447 66
Total	$258,410 92
Thus leaving the account in credit	423 31

" The accounts of Barnes & Co., D. J. Green, and Waterman & Co., are accounts referred to by me on my last examination as amongst the Assets of the Bank in May 1893 and May 1894 Those accounts were provided for by the Bad and Doubtful Debts account of these debts to the extent they were charged off in 1894. They were covered in May 1893 and 1894 by the Bad and Doubtful Debts account. The account of A. M. McKay referred to by me on Thursday and Friday was not closed in 1894. It was credited in 1894 with $54,000 charged to Bad and Doubtful Debts, and to that extent was provided for, although it appeared in 1893 and 1894 as an Asset. In 1894 there were several credits to that account."

(Signed,) W. H. CROWDY.

Sworn before me at St. John's, this 5th day of August, A.D., 1895.

(Signed,) J. G. CONROY, J.P.

The further Cross-Examination of WILLIAM H. CROWDY, taken upon oath this 6th day of August, A.D., 1895.

TO MR. MORISE, *L.L.B.* :—

"The account of A. M. McKay is entitled 'Estate of A. M. McKay.' In November, 1893, I swore his account was $106,383 71. After November, 1893, here were credits

Jan. 4th, 1894, Cash	$1,000 00
Feb. 3rd, 1894, Cash	147 20
Feb. 21st, 1894	1,000 00
March 20th, 1894	1,000 00
April 27th, 1894	1,000 00
Dec. 10th, 1894	4 000 00
Dec. 31st, 1894, bad and doubtful debts	54,000 00

leaving a balance due on Dec. 31st, 1894, of $44,970 99 due the Bank. The amounts credited in sums of a thousand dollars each were instalments of the purchase of his house from the Bank. The credit of $4,000 was from the Guardian Life Insurance Company. There have been in 1895 Credits to the same account

Jan. 22nd, 1895, Cash per Morison.....	$2,000 00
Jan. 31st, 1895, Royal Insurance.....	5,070 00
Feb. 23rd, 1895, Sun Life	12,573 26
May 13th, 1895, proceeds of Policy of Devonport	3,740 31

These sums have been received, all of them, from securities in the hands of the Bank on the 31st of May, 1893 and 1894. The Bank holds other securities applicable to that account.

"I have spoken of Shea & Co.'s account as being in debt in May, 1893 and May, 1894. We had some securities for that account. We had two leases and two life-policies.

"I have spoken of an overdrawn account of J. V. O'Dea, both in May, 1893 and May, 1894. He was a Flour Commission Merchant. Those balances on the dates referred to were not old balances. His account would be credited from time to time by Cash, and by notes of other people to him. The Bank had a special security, the guarantee of his father, M. Dea, for $4,000. If that amount of guarantee had been credited to him at any of the dates I have referred to, he would have been in credit. The guarantor, his father, is reputed to be a man of means." (Copy of guarantee produced and admitted, and marked "W. H. C. 17.")

"Waterman & Co., referred to by me, are an insolvent firm. They became so in 1890 or 1891. Their Estate, I believe, is still in course of liquidation. The Bank, on the 22nd of June, 1892, received a dividend of ten cents in the dollar on $40,310.43, amounting to $4,031.94. On the 1st of March, 1894, the Bank received $2,015.97, being a dividend of five cents in the dollar. On the 31st of December, 1894, we wiped off the balance by closing it to Bad and Doubtful Debts, by direction of Mr. Pinsent, late Manager, given after that date. The Bank's claim against Waterman & Co. on which dividends were received included a charge of $2,070 as seven and a half per cent., damages on returned Exchange. This means on dishonour-

ed Exchange of Waterman & Co. on English parties, returned to the Bank. The Trustees of Waterman & Co. were A. F. Goodridge and A. J. Harvey.

"The increase in Cliff, Wood, & Co's current account, from May, 1893 to Nov. 1893 arises in part from their rebuilding of their premises after the Fire.

"In giving the liabilities of the Directors and their firms in 1893 and 1894 and also in other years, I included their liability on discounts both as endorsers and drawers, and their liability on Exchange as drawers. The liability on Exchange would include exchange accepted by parties on whom it was drawn,and not matured. The figures of their liability included all contingent liability as well as direct liability. If a Director were a payee of a note which he endorsed, he would appear in my statement as liable to the Bank although the liability was merely contingent upon the non-payment by the maker. If one Director were the maker and another the endorser both parties appear by my statement liable to the Bank. Therefore in making up from my statements the total of the Directors' liability, any such notes would appear more than once, and in this same total would appear as liability the unmatured notes of third parties to the Directors themselves, inasmuch as endorsed by them.

"Take John Munn & Co.'s liabilities on Exchange on May 31st, 1893, $151,200. That would be exchange drawn upon Bennett of Bristol, all accepted by Bennett (that was not in transit by mail), not matured at that time, but disposed of by the Union Bank to other parties, and afterwards paid in full when due. That is also true in principle of [illegible] Exchange Liability in May, 1894, as shown by my statement. The same is true in principle of the liability on Exchange of the other Directors as shewn by my statement for May, 1893 and 1894. The liability of Directors on current account on May 31st, 1893 and 1894 appears in the Annual Statements of those years as assets of the Bank. But their liability on Exchange and discounts does not appear as assets in those Annual Statements; if they were makers or endorsers of notes to the Bank, the notes themselves would appear as assets. The Exchange held by the Bank up to the leaving of the last mail prior to the close of the financial year would not appear as assets. There is a radical difference between liability of Directors and their firms on current accounts on the one hand, and Discounts and Exchange on the other, as they appear in the statement submitted by me. On current account the liability was direct. On Exchange and Discounts it was largely contingent.

"The current accounts overdrawn on May 31st, 1894, exceeded those overdrawn on May 31st, 1893. The current accounts of both years would include the accounts of the Government of the Colony. On May 31st, 1893, the Government's account was overdrawn $73,484.55 on Treasury account alone. On May 31st, 1894,the Government was overdrawn on Treasury account $[illegible]2,889.31. So that about $300,000.00 of the excess of overdrawn accounts in 1894 as compared with 1893 is attributable to the overdraft on Government account.

"The Capital of the Bank was $456,000.00. On the 31st of May, 1893 and 1894, the credit to Reserve was respectively $300,000 and $320,000.

"The increase in 1894 of $20,000 was due to that amount having been set aside from Profit and Loss. Besides the Capital and Re-

serve, there were in 1894 $30,000 to Credit of Contingent Account, and to credit of Bad and Doubtful Debt Fund $258,733.28, so that besides the liability of the Shareholders the Bank had over and above its own assets in 1894, $1,064,733.28, made up of

Capital	$456,000 00
Reserve	320,000 00
Contingent Account.....	30,000 00
Bad and Doubtful Debt Account.....	258,733 28
	$1064,733 28

" Mr. Grieve did not sign the Annual Statement for 1894. He was not in the Colony at the time of the Annual Meeting of 1894. I produce the Minute Books for 1894. (Marked " W.H.C. 18 and 19.") (It is understood and agreed that these Exhibits shall remain in the Bank.)

" It was the practice of the Managers to note the presence of the Directors nominatim in this book. In January, 1894, " W.H.C. 19.") Mr. Grieve is noted as present on Thursday the 18th. He was not present from that date until the 18th June of that year. Mr. Donnelly became a Director in 1884. He owed at that time (January 1884), $62,686 73; he was the holder of 315 shares of the Union Bank, the market value of which at that time was about $300 per share, in all $94,500. In 1889 and 1890 sixty-five shares were sold for $19,305.00. There is an agreement of some sort between the Bank and Mr. Donnelly, I think, I don't know what it refers to. In 1891 there was an account No. 2. opened for Mr. Donnelly. His cheques after that date were charged to Account No. 2. To No. 1 Account continued to be credited the Annual Dividends upon his 250 shares. The same account (No. 1), continued to be charged with an annuity of $2000 paid to his stepmother; and the difference between the amount of the Annual Dividends and the annuity went to reduce the capital sum of his Account No. 1.

" No. 2 account, which I said was opened by a transfer in 1891 from No. 1 account, was credited on May 18th, 1891. with $3000, proceeds of some property sold by Mr. Donnelly in Harbor Grace. In 1890 his No. 1 account had been credited with $3600 from the same source, property in Harbor Grace, and in January, 1891, $3000 was transferred from No. 1 to No. 2 account."

(Signed,) W. H. CROWDY.

Sworn before me at St. John's, aforesaid, this 6th day of August, A.D., 1895.

(Signed,) J. G. CONROY, J.P.

The further Cross-Examination of WILLIAM H. CROWDY taken this 8th day of August, 1895:—

To MR. JOHNSON, *Q.C.*

"Referring to $185,373 on the last of May, 1893, due on Discounts in the account of Harvey & Co., it was an amount that they might be liable for; it was contingent for part, but not an amount due at that date. It consisted almost entirely of promissory notes of

which they were endorsers. That amount has been paid; in the ordinary course the $171,868 would be taken up by the makers. I can't say by whom they were paid. The statement I made would not be more correct if I left out that liability of $171,868.

"In the evidence I gave the other day on Directors' liabilities on certain dates, assuming Munn & Co. had given their note on Harvey & Co. for a purchase of flour,—say $5,000,—that amount would appear, if discounted by the latter, according to my way of statement, as a liability of Harvey & Co. and of Munn & Co. also. Though there were only one note and one transaction for $5,000. it would appear in my statement of liabilities as $10,000.

"If Thorburn & Tessier or Baine, Johnston, & Co., had similar dealings with Harvey & Co., the amount of each note would appear twice over. Therefore my statement, in the matter of the discounts, may appear to be misleading.

"In my statement on Friday of the liability of Clift, Wood, & Co., Shea & Co., J. V. O'Den, I did not include in the figures I gave their liabilities on Discounts, because I was only asked to quote their liabilities on Current Account. I was asked to give particulars of Directors' liabilities that I was not asked to give of those of others.

"The proportion of Promiser's liability in the case of Harvey & Co. was very small in 1892 and subsequent years as compared with their endorsements. In May 1892, the total figure is $291,857, of which $17,523 was promise, and $274,334 was endorsement. In Nov. 1892 the total was $120,111 of which $10,840 was promise, and $109,-271 was endorsement. In May 1893 the total was $188,373 of which $16,505 was promise, and $171,868 was endorsement. In Nov. 1893, the total was $295,213, of which $11,114 was promise, and $284,099 was endorsement. In May 1894, the total was $195,584 of which $1,642 was promise and $193,942 was endorsement. On Nov. 30th, 1894, the whole liability is as endorser, $223,984.

"The Discount business is very profitable, one of the chief elements of profit. The account of Harvey & Co. was one of the most profitable accounts in the Bank. I can't say at present what was the annual amount of the account or of the profits of the account.

"Referring to Nov. 30th, 1894, and the total liability of Harvey & Co. for $233 984, which was a contingent liability on Discount, and under the head of Furniture & Moulding Co., $20,196.50, making a total $254,180.50, I hold the latter to be a liability contingent on the failure of the latter company to pay, but it was an amount due by the latter at that date, for which the firm of Harvey & Co. were guarantors. We would first claim upon the Furniture & Moulding Co., and on their failure to pay we should perhaps the same day call on Harvey & Co. I don't say that the Furniture and Moulding Co. had not been called on to pay, neither can I say that Harvey & Co. were then liable for the amount. We have no account in the Individual Ledger debiting Harvey & Co., with the $233,984 nor with the $20,196.50 of the Furniture & Moulding Co. They were never charged with these amounts in the Individual Ledger. Neither of these amounts quoted should appear as a direct liability on that date.

"There was a credit of $127.32 on the last of Nov. 1894 to Harvey & Co., on Current Account, against which there was no balance against them except the two contingent liabilities quoted. They might have closed their account with the Bank on that date by

drawing out the $127.32. On May 31st, 1893, setting off the credit of Harvey & Outerbridge against the debits of Harvey & Co., and leaving out the contingent liabilities of the latter, the amount payable by Harvey & Co., would be $31,488.66. In Nov. 1893 the balance, made in the same way, would be $46,658.38. In May, 1894, it would be $48,718.23, closing in Nov., 1894, with the balance already stated to credit of $127.32.

"Mr. Harvey did not sign the Annual Statement for 1894, nor the Report for that year. He signed the Annual Statement of 1893. June 7th, 1894, was the last attendance of Mr. Harvey at a Board Meeting as far as the Minute Book shews.

"All the sums which I have quoted as liabilities of Harvey & Co. on Discounts for 1892, 1893, and May, 1894, have been paid."

To Hon. Mr. Morris:—

"In reference to the account of Thorburn & Tessier, they drew their Exchange on Banks in England, not on private firms. With respect to the liability on Exchange of that firm, all their Exchange has been paid, and the Bank has suffered no loss on account of their Exchange. The amount set down for Exchange for Nov. 1894, $90,840.89, was a contingent liability. It was drawn on two banks, the Merchants' Banking Company and Parr's Bank, and it was paid by these. There were three bills, amounting to £7000 Stg., drawn by the firm after the 30th Nov. 1894, it was remitted to England on the 10th December and paid. We had no dishonoured bills of Thorburn & Tessier returned. The liability on the 30th November would be less than the figures I quoted on my Examination-in-chief by the amount af the Exchange, at least as far as that item.

"We had collateral security in the form of shares in the Newfoundland Steam Sealing and Whaling Company, 167 shares, against the overdrawn account of the firm. The par value of the shares was $200 per share. I don't know the market value. The Seal Oil Account was a distinct account from the Steam Sealing Company. There is no credit in my statement for these shares, although the Bank still holds them. I stated the liabilities of the Directors to be $2,122,397.05 on Nov. 30th, 1894. That amount included the contingent liability as well as their accrued liability. In reference to Simpson's Account, we have the Dredge as Security."

(Signed) W. H. CROWDY.

Sworn before me at St. John's, aforesaid, this eighth day of August A.D. 1895.

(Signed) J. G. CONROY, J.P.

The further Examination of William H. Crowdy, taken upon oath this 12th day of August, A.D. 1895.

Re-Examined by Mr. Emerson, *Q.C.*

"On the last day but one, on my cross-examination, I said that on the 31st of May, 1894, the Bank had, over and above its own assets, $1,064,733.28, and in that I include a Bad and Doubtful Debt Fund of $258,733.28. It appeared on the books as an asset, but it

should be written off to certain Bad and Doubtful Debts for which it provided. It should not appear in my evidence on page 8 as an asset on that date. That amount, $258,733.28 should be deducted from the $1,064,733.28, leaving $806,000."

QUESTION:—" Was there any collateral security held by the Bank for the overdrafts of the Directors?"

ANSWER:—" Nothing that I know of, except the Sealing shares I have referred to belonging to Sir R. Thorburn. We had no collateral security that I am aware of for Mr. Donnelly's overdraft. I have enquired in the Bank, and could not ascertain. I heard that there was an agreement, and that Mr. Knight or Mr. Emerson had it. There was no collateral security held by the Bank at the above date or at the time of the suspension for the overdrawn account of Baine, Johnston & Co.—nothing in legal form. There was no collateral security for the overdrawn account of Thorburn & Tessier outside the sealing shares referred to. There was no collateral security for John Munn & Co.'s overdrafts.

" The Bank suspended on the 10th of December, 1894. The Union Bank is not able to pay its creditors one hundred cents in the dollar. The Profits on which the Bank paid dividends for November 1892 and May 1893 is made up of:—

Credit on Profit & Loss Account....	$6,428 43
Contingent Account.....	20,000 00
Leasehold Premises on Water Street	34,693 93
Interest Account.....	100,615 50
Exchange Account.....	27,857 61
Colonial Exchange Account.....	39,937 67
From Reserve.	40,000 00
Total.....	$269,533 14

" These were the earnings for the year ending 31st May, 1893.

"The Contingent Account has been lying for several years—that is, $20,000 to the credit of the Contingent Account. I think it was placed in one sum to the credit of that Contingent Account. I shall find out what year the Contingent Account was created. We took $40,000 that year from the Reserve Fund and put it to the credit of Profit and Loss. When our Reserve Fund commenced I don't know, but will find out.

" The sum of $34,693 93 from Leasehold property is thus made up:—$17,000 odd was a credit on the books, and the balance was Insurance after the fire of 1892. On the 31st of May, 1892, this was taken in on the Assets,—that is, the amount of $17,000 on the books, but I can't say if the value of the leasehold property was taken in. I will find out.

" The three items I have referred to,—Contingent Account, Reserve, and Leasehold Property, make in all $94,693 93. Deducting these from the Profit and Loss Account for the 31st of May, 1893, there would be $174,839 21.

" The charges on the other side of the Profit & Loss Account are $27,268 24, Charges Account for the year, Bad and Doubtful Debts $164,620 27. That is all except dividends."

QUESTION:—" Comparing in this way the two sides of the Profit

& Loss Account, and deducting the above sum of $94,693 93, would there remain anything available for dividend?"

ANSWER:—" No, after making provision for Bad and Doubtful Debts. There would be an indebtedness.

" In the Annual Statement or Report there is no reference to the transfer from the Contingent Account and from the Leasehold property of $20,000 and $34,693 93 respectively. There is mention of the sum transferred from the Reserve to Profit & Loss. In the Report for 1893 there is a reference to the loss by P. & L. Tessier's firm.

" I produce a Statement of Notes falling due in favor of Directors, and charged to the overdrawn accounts of the makers.

(Mr. Morine and Mr. Johnson, Q.C., object.)

" I take Baine Johnston's for 1893 first. (" W. H. C. 20, objected to.)

Total amount.	$11,434 00
For 1894, (" W.H.C. 21," objected to)..	5,700 00
Thorburn & Tessier:—	
1893, (" W. H. C. 22," objected to) the total was.....	23,412 00
For 1894, (" W. H. C. 23," objected to.)	1,651 00
Harvey & Co:—	
1893, (" W. H. C. 24," objected to) the total was....	182,918 00
For 1894, ("W. H. C. 25," objected to)..	157,407 00

" In several amounts of these A. Harvey & Co. are makers, for which a corresponding credit would be made, generally in the shape of a cheque of Harvey & Co., a few days later. I turn up the Individual Ledger for 1893 to give an illustration.

A. Harvey & Co., Feb. 6. A note is charged, $14,000, to an account which was already overdrawn.

Feb. 11. There is a cash credit of $14,000. On the latter date there was a cheque charged to Harvey & Co. for $14,000.

" On the 9th of February Harvey & Co., are credited with a discount of $16,008.80. I can't tell from this book who was the Promisor. I produce the Discount Book, " Local Bills Discounted." The Promisor was A. Harvey & Co. for $14,000; this was a renewal note."

QUESTION:—" When that note became due, how was it paid?"

ANSWER:—" It was charged to A. Harvey & Co. On the account of A. Harvey & Co. there was a credit the following day for the same amount. That was by cheque from Harvey & Co. There was a discount of $26,000 to the credit of Harvey & Co. a day or two after, it includes a note for $14,000 of A. Harvey & Co., due 13th October.

QUESTION:—" How many notes for $14,000 were running and renewed in the same way between A. Harvey & Co. and Harvey & Co.?"

ANSWER:—" There were six in 1893 for $14,000 and seven in 1894, that is $84,000 in 1893, and in 1894 $98,000. I produce a statement shewing the yearly balance of notes running between A. J. Harvey, (afterwards, from 1884, A. Harvey & Co.,) and Harvey & Co. from 1875 to 1894. (W. H. C. 27.)" (The reception of this was objected to.)

"The amount running in 1889 was $98,000. That account began between Harvey & Co. and A. J. Harvey & Co. in 1875, and was in 1889 $98,000, and was the same amount in 1894.

"The whole amount of the liabilities on the Notes of the three Directors charged to overdrawn accounts of the makers for 1893 is $217,764, upon which Directors were endorsers.

"The 1894 sum was $164,758.00"

(Signed) W. H. CROWDY.

Sworn before me at St. John's, aforesaid, this twelfth day of August, A.D. 1895.

(Signed) J. G. CONROY, J.P.

The further Re-Examination of MR. WILLIAM H. CROWDY, taken upon oath this 14th day of August, A.D. 1895.

"I produce a copy of the Reserve Fund Account, commencing in 1855 with £1130 currency, and ending in 1894 with $320,000. "W. H. C. 28." During that period there was no sum of that Reserve during the existence of the Bank transferred to Profit & Loss, unless in 1893, when we took $40,000 from it.

"The Contingent Account, referred to in my last examination, was opened in May 1878 with £5000 currency, and closed in May 1879 by a credit to Colonial Exchange of £5000 currency. In 1891, on May 31st, there was a credit of $20,000 to the Contingent Account, which was transferred to Profit and Loss in 1893. In May 1894 we placed to Contingent Account $30,000, which still stands to its credit.

The Leasehold premises referred to in my last evidence were the premises occupied by Thorburn & Tessier before the Fire, and burnt in the Fire. These premises the Bank had an unexpired Leasehold interest in, and the Bank kept the premises insured about $17,000; that is what we recovered out of the insurance. We kept an account running since 1860 in connection with these premises for rents and ground-rents and insurance premiums and repairs, and on the 31st of May, 1892, the balance was a credit of $17,051 86. The sum of the Insurance and of that balance made the sum of $34,000 transferred to Profit & Loss Account, 1893. The $17,000 to the credit of that account before the Fire was kept for repairs, as the lease was about running out.

"Our claims on the Insolvent Firms of Thorburn & Tessier, John Munn & Co., and Baine, Johnston & Co., are respectively:—

(1.)	Thorburn & Tessier, about	$470,000 00
(2.)	John Munn & Co "	530,000 00
	(That last item includes exchange on which C. T. Bennett, is liable.)	
(3.)	Baine, Johnston, & Co., about. ...	635,000 00
	The total is	$1,635,000 00."

To MR. MORINE:—

"In reference to the liability of Directors last spoken about, and particularly of Munn & Co., that account is made up principally of overdrawn current account, and secondly of Exchange of which they were drawers, and C. T. Bennett acceptor of all but £14,000 Stg., and which accepted Exchange is also a claim against the Estate of

C. T. Bennett. £62,000 Stg. would be the accepted portion of the Exchange in Munn's case. The dividends received from the Estate of C. T. Bennett would be applicable to the reduction of Munn's liability as stated in my evidence.

"The liability of the three Directors referred to by me would include paper indorsed by them where the makers are insolvent.

"The Bank's leasehold interest in the Water Street premises, does not appear in the Statement of the Bank's affairs for 1892, May 31st, as an Asset. The balance to the credit of this leasehold account appears in May 1892 as a liability of the Bank in its Annual Statement for the year. The premises were burnt down in 1892, and the lease surrendered in consequence of the fire. The ground landlord was Henry Studdy. From insurance the Bank received in the financial year 1893 about $17,000, and the amount standing to the credit of the account was $17,000. The amount to the credit of that account represented the profits of the Lease up to that date. The fire took place in July 1892, within the financial year 1893. By the fire the necessity of repairing premises was got clear of, and the amount received for Insurance and the balance to the credit of the leasehold account would be clear profit accrued to the Bank in the year 1893. The proper place to put it in closing the account would be to the credit of Profit & Loss.

"When the Annual Statement for May, 1892, was made up, the Contingent Account was in credit $20,000, an amount deducted the year before from the profit of 1891, and put to the credit of Contingent Account for the purpose of meeting losses that might occur—a surplus of profit made in 1891, not distributed, but put aside for a rainy day, which rainy day came in 1893, through the failure of P. & L. Tessier. In the Annual Statement for 1892 that Contingent Account appeared as a liability of the Bank, though as a matter of fact, it was not a liability to anyone outside the Bank. When it was closed to the Profit & Loss Account of 1893 it no longer appeared in the Annual Statement. Its appearance in the Annual Statement of 1892 made the liability of the Bank appear that much greater than it really was. So far as that account was concerned, closing it into Profit & Loss in 1893 represented matters as they really were.

"As to Reserve Account. In 1892 the balance to credit of it was $340,000. That appeared in 1892 as a liability of the Bank specifically stated. The Contingent was not. In 1893 it appeared specifically stated as $300,000, so that the reduction by $40,000 was apparent by comparison of figures. In the Annual Report for 1893 it was stated in addition that $40,000 were taken from the Reserve.

"For the financial year ending May, 1893, the actual profits were:—

Interest	$100,615 50
Exchange.....	27,857 61
Colonial Exchange.....	39,937 67
Total	$168,410 78

"That year there was in addition from Leasehold Interest $34,693.93 and from Contingent Account there was transferred $20,000. That makes a total profit for 1893 of $223,104.71 accrued

that year. Every cent of that was profit calculated for distribution amongst the shareholders for that year for the first time.

"In November 1892 $27,360 was distributed as a dividend; in May, 1893, the dividend and bonus amounted to $41,040, the total of the two being $68,400, which, deducted from the profits for the year, would leave a balance of $154,704.71. To that balance was added a balance of $6,428.43, and $40,000 from the Reserve, making a total of $201,133.14. Of that sum $27,268.24 went to pay the charges of the Bank for that year, $9,244.63 was carried forward to the credit of Profit & Loss Account for next year, and the remainder, $164,620.27, was carried to the credit of the Bad and Doubtful Debt Fund for the purpose of meeting an estimated or contingent account or approximate loss on P. & L. Tessier's or other accounts. At that time the accounts upon which a loss might take place were not closed, and it was not possible to tell what the losses would be. The largest, P. & L. Tessier's, was and still is in course of liquidation."

QUESTION:—"Did the amount to the Credit of Bad and Doubtful Debt Fund appear in the Annual Statement for 1894 as an Asset or a Liability?"

ANSWER:—"It appears as a liability. It appeared in the books as a liability. Its appearance in the Annual Statement for 1894 as a liability made the liabilities appear that much greater than they really were.

"Among the assets on the other side of the Annual Statement were included the current accounts which this fund was intended to meet, so that the one offset the other. And the effect on the balance of the Annual Statement was the same as if those current accounts had been closed into the Bad and Doubtful Debt account before the Annual Statement was prepared. As the parties owing those accounts were not wound up, it was necessary to keep these current accounts open in some form, unless they were abandoned by the Bank. As a practical accountant, I believe it was right to put on the one side as assets those current accounts, and upon the other side as a liability the fund which was intended to provide for them. I don't speak from my own personal knowledge when I say that the Bank at the time of the suspension or now held no security for Baine Johnston's account or for Mr. Donnelly's account, or for any of the other parties except the sealing shares. I was not admitted to the meetings of the Directors of the Bank. As an Accountant of the Bank, I would not necessarily know of the securities, these might be known to the Manager or Directors without being known to me. As a matter of routine I would not have my attention called to arrangements made by the Manager and Directors. My work was somewhat of a machine character, and had nothing whatever to do with the practical management and control of the Bank.

"With respect to Reserve Account, in 1873 the sum of £25,000 currency of that Reserve was distributed amongst the Shareholders in the form of additional shares, and £38,000 in 1883."

To MR. JOHNSON, *Q.C.*:—

"With reference to 'Statement of Notes,' (W. H. C. 24 & 25) 'falling due in favour of Directors, and charged to overdrawn accounts 'of makers,' I referred to 1875 as the first year dealing with the Account of Mr. A. J. Harvey, changed in 1884 to "A. Harvey & Co." I'm aware that Mr. A. J. Harvey entered in 1875 on the

bakery business on the property in Hoylestown, where he carried it on until the time of the Fire."

QUESTION:—"Before the business of A. J. Harvey was commenced, was the Union Bank asked whether if the business was established with a cash capital sufficient to pay for the premises, its plant and machinery, the Bank would discount notes endorsed by Harvey & Co., for the purpose of importing flour or of otherwise facilitating the new business?"

ANSWER:—"I am not aware."

QUESTION:—"Has not the account of A. J. Harvey, subsequently A. Harvey & Co., from 1875 until the closing of the Bank been of the same general character, namely, discounting notes from the trade to A. Harvey & Co., and the latter's notes to Harvey & Co., almost exclusively?"

ANSWER:—"Yes, the amounts as promisers and endorsers have differed, but the character of the transactions has been the same from first to last. I stated last day that the amount of A. Harvey & Co.'s notes endorsed by Harvey & Co. held by the Bank at the end of 1893 was $84,000, at the end of 1892 it was $23,000, and I dare say about the same in the early months of 1893. For six months subsequent to September 1892 I cannot state without my books what was the amount.

"Speaking of the notes between the two Harvey companies, all the notes of A. Harvey & Co. and endorsed by Harvey & Co. have been taken up and paid, but a balance of one note, which was one that I think fell due on the 10th December. I know there is a question of set-off of Exchange against that note as between A. Harvey & Co. and the Bank. When the question of set-off is settled, and the note, all the liability on that account from 1875 to the close of the Bank will have been promptly paid. That account of A. Harvey & Co., has been a very profitable account to the Bank, in every way desirable in the Bank's interest. The average of the account of Messrs. Harvey & Co. for the past five years would be $1,338,946. The Annual profit on that account would be $17,600 to the Union Bank."

To HON. MR. MORRIS:—

"In reference to the three insolvent Directors indebtedness, I don't know what their respective debts were worth the day the Bank closed, even approximately. I believe Sir Robert Thorburn made a statement to the Bank which would shew his Estate able to pay one hundred cents in the dollar. If Munn's Estate pays fifty cents in the dollar and Bennett's fifty cents in the dollar, there would be no loss on accepted Exchange through Munn & Co. In one item, the Exchange account of Thorburn & Tessier, there will be no loss at all; it is not included in the $470,000 referred to to-day. But Munn's account, put in to-day, includes Bennett's Exchange. In Munn's account, the amount of Exchange, is included $364,000, of which $297,600 is accepted by Bennett."

(Signed) W. H. CROWDY.

Sworn before me at St. John's, aforesaid, this 14th day of August, A.D. 1895.

(Signed) J. G. CONROY, J.P.

The Examination of CHARLES S. PINSENT, late Manager of the Union Bank, taken upon oath this 20th day of August, A.D., 1895.

"I have been thirty-seven years in the service of the Union Bank, and was Accountant for 18 years, and so continued until July the 6th, 1894. Previous to July the 6th, 1894—the Manager was Manager until his death, June 21st, 1894,—after his death I was appointed Acting Manager, on the 6th of July, 1894. I was appointed full manager on the 1st of August, 1894. Before Goldie's death I had authority to sign 'pro Manager,' either in his absence or presence as occasion might require. Mr. Goldie left this country on the 21st of May, 1894. After his departure I signed 'pro Manager,' and acted for him, attended the Board of Directors, and I was Manager from the 1st of August till the appointment of the Liquidators.

"I produce the Minute Books from July 1880 to the present time. ("C. S. P. 1 & 2.") They are kept by the Manager or the person acting in his place, and signed by the Chairman when signed at all. The rule is to read the minutes of a meeting at the subsequent meeting, and for the Chairman then to sign them. He always signs when there is any special minute to sign. I kept the minutes in 1890 in the absence of Mr. Goldie."

(Mr. Morine objects to the reception of the Minute Books and to questions as to their contents.)

QUESTION, (objected to.):—"Are there any minutes regulating the amounts of the overdrawn accounts of Directors?"

ANSWER:—"I produce copies, extracts from the Minutes.

(1) From minute of 6th Oct. 1881. "C. S. P. 3."
(2) " " 16th June, 1884, "C. S. P. 4."
(3) " " 18th April, 1889, "C. S. P. 5."
(4) " " 25th June, 1890. "C. S. P. 6."
(5) " " 9th Dec. 1891, "C. S. P. 7."
(6) " " 2nd May, 1892, "C. S. P. 8."

"These are extracts from the minutes of the board, touching the limits of the accounts of the Directors, and they are all correct extracts from those minutes. That limit was not kept by the Directors.

"The following was the position of Thorburn & Tessier on Current Account on

7th May, 1888	$205,143 09
31st Dec. 1888	198,782 38
9th Dec. 1891	302,498 49
29th Feb. 1892	253,820 66
31st Dec. 1892	316,386 36

"The position of John Munn & Co.:—

2nd May, 1892.....	$237,706 88
31st May, 1892..	243,099 84
30th Sept. 1892....	304,273 20
30th [illegible]. 1892.	329,692 33
30th Nov. 1892..... ..	428,378 86
31st Dec. 1892.....	447,011 42

"The accounts of John Munn & Co., and for Thorburn & Tessier and for the other Directors for 1893 and 1894 are already in evidence upon the Examination of W. H. Crowdy."

QUESTION:—"Was there a rule of practice in the Bank with regard to the placing before the Directors a list of overdrawn accounts and amounts due the Bank?"

ANSWER:—"Yes, a list of overdrawn accounts was placed before the Directors once a month, on the first Thursday of every month. That rule was strictly carried out. That list would include all sums due by the Directors on Current Account. There was a rule regulating the amount of exchange running by any one firm at any given time, but it was not strictly carried out. The rule only applied to those Directors that were drawing firms, John Munn & Co., Baine, Johnston, & Co., and Thorburn & Tessier. By the firm of Thorburn & Tessier the rule as to the limit of running exchange was observed; they kept within the limit of the rule. The other two firms frequently exceeded the limit. Messrs. Harvey & Co. and Mr. Donnelly had no running exchange account of any consequence. I will produce in regard to Baine, Johnston & Co. and the other Directors accounts similar to those furnished in respect of John Munn & Co. and Thorburn & Tessier."

(Witness' attention is called to "W. H. C. 1. & 2.")

"I identify it as the Report and General Statement of the affairs of the Union Bank for the year ending 31st of May, 1893. The four signatures to the Statement are those of the parties. The body is in the handwriting of the late James Goldie. I know it to be the Statement brought before the shareholders, to the best of my knowledge and belief, but I was not present at the meeting of the shareholders."

(Witness' attention is called to the Statement and Report for the year ending 31st of May, 1894, "W. H. C. 7 & 8.")

"It is signed by Robert Thorburn, W. J. S. Donnelly, and Robert S. Munn. It is the Statement and Report laid before the shareholders on the 16th June, 1894. It is in my handwriting. At that time I was still the Accountant of the Bank, but authorized to sign 'pro Manager,' and was acting for Mr. Goldie.

"When that Statement was made up, Mr. Grieve was absent from the Colony. At the time the Statement was completed in that form Mr. Harvey was absent from the Colony. The last date that Mr. Harvey attended a meeting of the board was 7th June, 1894. He attended the Bank once after that date. I believe it was the 9th of June, 1894. I had a conversation with him. He came for the special purpose that the Directors met that day to count the Treasury cash. It happened that I had prepared that day a statement of the

profits for the year, and I laid it before the Directors in an informal way. This is the sheet produced that I laid before them, and I shewed it to Mr. Harvey, "C. S. P. 9." I had it made up and shewed it to Mr. Harvey. He said he was pleased with the statement of the profits for the year, and approved of the $30,000 being placed to Contingent Account. That is a memorandum made from the books for the purpose of arriving at the amount of the profits for the year; the General Statement is not made up from that. That was the last occasion that I saw Mr. Harvey before the date of the Annual Meeting. I believe the day of the week was Saturday, and I think Mr. Harvey left on Sunday, the following day, I don't know by what line he went. I don't remember when he returned.

"I was present at the Annual Meeting. The five Directors of the previous year were all re-elected at that meeting, 16th June, 1894. These were Sir R. Thorburn, Mr. Harvey, Mr. Grieve, Mr. Munn, and Mr. Donnelly. At that Annual Meeting there was nothing said about a change of Directors. After that Annual Meeting, at which Mr. Harvey was not present, Mr. Harvey did not attend any meeting of the Board of Directors. I never saw him attend a meeting of the Board after the 7th June, 1894. There never was an election of any Director to take Mr. Harvey's place. There is no Minute of the resignation of Mr. Harvey from the Board of Directors. There is no such minute on the Minute Book. We have no record now in the Bank of his resignation from the Board of Directors."

QUESTION:—"Have you any letter from Mr. Harvey now in your possession or that of the Bank resigning his position as Director?"

ANSWER:—No, Mr. Harvey never addressed to me either as pro-Manager or as subsequently Manager any letter sending in his resignation as Director.

"Mr. Grieve returned after the Annual Meeting, and was at the first meeting of the Board subsequently to the Annual Meeting. On Monday, 18th June, 1894, he was present at a Board Meeting. At that Board Meeting the Minutes of the Annual General Meeting on the 16th were read and signed by the Chairman. The Directors present on that occasion were Sir Robert Thorburn, Mr. Grieve, Mr. Munn, and Mr. Donnelly.

"We have correspondence between Baine & Johnston and the Bank. I produce three letters"—(Mr. Morris objects)—"dated March 8th, 1894, "C. S. P. 10a" to Goldie, "C. S. P. 10b" to Manager, and "C. S. P. 10c" to the Directors, all from Mr. W. B. Grieve."

(Witness is handed a letter from Baine & Johnston, Greenock. Mr. Morine objects.)

"I know the firm. They are the Greenock branch of the local firm of Baine, Johnston, & Co., and composed of the same parties as compose the firm here, including Mr. W. B. Grieve, now present." (Marked "C. S. P. 11." Objected to.)

"On May the 7th, 1894, a letter from the same parties is produced." (Marked "C. S. P. 12." The same objection is offered.)

"I know of no other letter from Mr. Grieve of the 8th March but those put in, "C. S. . . 10." I produce a letter of 27th March 1894 from Goldie to W. B. Grieve in reply to a letter of the 8th March 1894 from W. B. Grieve to the Bank."

(Mr. Morine objects to the reception of this, as no evidence of its being sent or received is given. Marked "C. S. P. 13."

Witness is handed a copy of letter of the 10th April, 1894, from Goldie, in reply to Baine & Johnston's letter of the 21st March 1894. Marked "C. S. P. 14." Objected to.)

"This is the Letter Book of the Bank, and kept in the Bank until now. I turn up letter of Goldie to Baine & Johnston, of date 18th May, 1894." (Marked "C. S. P. 15." Same objection.)

(Signed,) C. S. PINSENT.

Sworn before me at St. John's aforesaid, this 21st day of August, A.D. 1895.

(Signed,) J. G. CONROY, J.P.

The further Examination of CHARLES S. PINSENT, taken upon oath this 21st day of August, A.D. 1895.

"Yesterday I stated that Mr. Harvey had no communication with me on the subject of his resignation in 1894; I received a letter dated 13th June from his partner, Mr. Outerbridge, received about the same date, which I produce, "C. S. P. 16." I laid that letter before the Board in the usual way, on the first meeting after the receipt—Thursday, 14th June. There is no note of it on the minutes of the Board Meeting for the 14th of June. I was present at that Meeting. Sir Robert Thorburn stated that he had a private note from Mr. Harvey.

(Evidence of its contents ruled out.)

"That letter was produced and read by Sir Robert Thorburn at the meeting."

(It is put in and marked "C. S. P. 17.")

"The Directors present at that meeting were Sir Robert Thorburn and Mr. Donnelly. That letter and Mr. Outerbridge's letter were both discussed at that meeting of the 14th, and it was considered that the letter of Harvey to Thorburn was not in the form of a resignation. The letter from Harvey to Thorburn was discussed at the Board two days before the Annual Meeting.

"I know Mr. Harvey did resign on former occasions. I have seen his letters, one dated in 1891 and one in 1893, but he came back. The Board did not, therefore, take his letter of 1894 as a resignation, and did not consider that Mr. Outerbridge's letter was entitled to consideration, as he, being in town, could attend the Annual Meeting, and there carry into effect Mr. Harvey's wishes. The subject of these letters, "C.S.P. 16 and 17," was not brought before the Annual Meeting, and Mr. Harvey, with the other Directors, was re-elected unanimously. Mr. Outerbridge did not attend the Annual Meeting, and was not in the habit of so attending the Annual Meetings. Mr. Outerbridge did not address any letter to the Annual Meeting. Nobody attended the meeting on behalf of Mr. Harvey or Harvey & Co., and say to the meeting that Mr. Harvey did not desire re-election.

"After the Annual Meeting Mr. Harvey did not send me any letter informing me that he retired. He sent a letter to the Chairman, Thorburn, from New York. That was read at a Board Meeting. It is dated June 20th, 1894, and marked "C. S. P. 18." I can't say at what Board Meeting it was discussed. I believe Sir R.

Thorburn, Mr. Grieve, and Mr. Donnelly were present. No action was taken upon that letter. Mr. Harvey was still absent from St. John's at that meeting. Sir Robert Thorburn kept the letter himself, and no reply was made through the Bank.

"No publicity was given to the fact of Mr. Harvey's resignation. The Board expressed the opinion that it was not for them to give it publicity, as Mr. Harvey might in the first place change his mind, and in the second place that when he came back he could make it known himself. Mr. Harvey returned shortly after that. After his return no publicity was given to his resignation either by the Bank or himself that I am aware of. The thing was discussed at the Board after his return, but not practically. I don't think it ever came up for discussion in a practical way.

"There's no Minute at all on the books of Mr. Harvey's resignation, or of the appointment of a successor to him. There was a general idea among the Board that a substitute to Mr. Harvey ought to be appointed within the year."

(This was objected to.)

"After Mr. Harvey's return I had no conversation with him on the subject of his resignation. Between his return from New York and the 10th December, 1894, on very few occasions, not more than once or twice, I have seen Mr. Harvey in the Bank. He came to me in the Manager's room. He never spoke of his resignation, or whether anyone had been elected in his place, or what the intention of the Board was about filling his place—never a word on the subject. His visit was of a business, not an official character.

"Mr. Harvey after his resignation was never summoned to a meeting of a Board. It is not the custom to summon Directors to meetings. There are special days and times for Board Meetings, and the Directors are paid for their services. Directors are sometimes summoned to special meetings of the Board. The Board Meetings are regularly held on Mondays and Thursdays at one o'clock. There was no special meeting between Mr. Harvey's return and the 10th of December. There's no record of such. The only pay for Directors was for actual attendance, unless when absent from illness or attendance on public business. Mr. Harvey did not receive remuneration for attendances from the time of his letter of resignation to the 10th of December, 1894.

"In 1893 a sum of $250,000 was held as cover by the Union Bank of London for overdraft. These were securities owned by the Union Bank of Newfoundland, and transferred by us to the Union Bank of London. At the date of the Annual Meeting of 1893 there was an overdraft in the Union Bank of London by us for £14,000 sterling. That fact of overdraft if not specially stated in the general Annual Statement for 1893. There is no mention in the Report or General Statement for 1893 of the transfer of those securities to the Union Bank of London. In 1894 the transfer still existed, and the securities were still held by the Union Bank of London. At the time of the Statement, 31st May, 1894, we had an overdraft in the Union Bank of London for £32,000 sterling. At the time of the suspension of the Bank, the overdraft—(on the 30th Nov. 1894, it was £63,000 sterling)—was £70,000 sterling. That overdraft was not fully covered by the Bonds that the Union Bank of London held for us. It was covered to the extent of £62,000 sterling. These are the

securities referred to by me a few minutes ago as held by that Bank at the dates of the Annual Statements in 1893 and 1894. These Bonds have been since sold by the Union Bank of London, and placed to our credit. I have not the agreement between our Bank and that Bank, and do not know where to find it. It is among the correspondence of the Bank, and I shall have a search for it. These Bonds were transferred in Mr. Goldie's time.

"I produce a List of shares transferred by or to Directors or their firms and of shares held by them on December 10th, 1894."

(Signed,) C. S. PINSENT.

Sworn before me at St. John's, aforesaid, this 21st day of August, A.D. 1895.

(Signed) J. G. CONROY, J.P.

The further Examination of CHARLES S. PINSENT, taken upon oath this 23rd day of August, A.D. 1895.

QUESTION:—"Were there any transfers of Stock by Baine, Johnston, & Co. for the last few years?"

ANSWER:—"There were, by W. B. Grieve, to

John Syme	June 1884	10 shares
J. T. Gillard	May 1886	25 do.
R. H. Taylor	Nov. 1889	5 do.
James Burden	Nov. 1889	15 do.
F. H. Crowdy	Nov. 1889	2 do.
E. S. Crowdy	Nov. 1889	2 do.
R. H. Taylor	Nov. 1889	2 do.
J. J. O'Reilly	Jan. 1891	1 do.
G. H. Gill	Nov. 1891	6 do.
Total		68 shares

"He purchased from

Patrick Cleary	Mar. 1883	15 shares
John Syme	Mar. 1885	10 do.
Total		25 shares purchased

"List of shares now held by W. B. Grieve.—20 shares, the minimum to qualify as Director.

"Sir R. Thorburn purchased from

R. T. Dobie	1883	5 shares
John Munn	1883	8 do.
W. R. Grieve	1884	30 do.
M. Thorburn	1886	10 do.
Total purchased		53 shares

"The number sold was, to

J. J. Bishop	1884	2 shares
F. T. A. Parnell	1884	10 do.
T. Shortall	1884	8 do.
F. T. A. Parnell	1884	10 do.
M. Thorburn	1885	10 do.
R. Thorburn, Trustee	1888	3 do.
A. K. Southcott	1889	2 do.
A. M. Parnell	1889	1 share
J. Skeoch, Trustee	1889	6 shares
M. M. Southcott	1889	2 do.
J. S. Pitts	1889	9 do.
Total sold.....		63 shares.

"At the time of the suspension and now he holds twenty shares, the number necessary to qualify as Director.

"John Munn & Co. sold no shares and bought none in the years mentioned, but had thirty on hand at the time of the suspension.

"Harvey & Co. purchased thirty shares in 1888 from A. W. Harvey. A. W. Harvey now holds fifteen shares, and Harvey & Co. hold thirty shares. Mr. A. W. Harvey, as Executor of Eugenius Harvey, sold to

J. T. Gillard, in 1893	45 shares
P. Kennedy, August 1893.....	20 do.
James Carter, March 1894...	2 do.
J. J. Hennessy, March 1894.....	5 do.
John Angel, March 1894.....	4 do.
Elizabeth O'Flaherty, April 1894.....	2 do.
Total sold by him as such Executor....	78 shares.

There were ninety shares in the name of the Estate of Eugenius Harvey, of which 78 were sold, and 12 remain.

"Mr W. J. S. Donnelly purchased none, but sold to

John McCarthy,	July 1889	6 shares
W. Dickenson	July 1889	6 do.
J. T. Collins,	July 1889	4 do.
James Mitchell	July 1889	6 do.
John S. Peach	Aug. 1889	4 do.
Thomas Shortall	Aug. 1889	8 do.
Richard Neyle	Sept. 1889	13 do.
Leonard McGhee	Oct. 1889	8 do.
Sarah E. Hayward	Apr. 1890	10 do.
Total sold.....		65 shares,

leaving two hundred and fifty now held by him.

"I produce a List of Shares transferred, from the 17th of June 1893 to the 19th of November, 1894. It is marked "C. S. P. 19." There were 665 shares transferred in that time. There was a divi-

dend made payable for the half year ending 30th of November, 1894."

(Mr. Johnson objects to evidence of the dividends in 1894 as affecting Mr. Harvey.)

"On the 6th of December, 1894, the Board of Directors declared a dividend for the half-year ending on the 30th of November preceding, payable on the 12th of December current. It was not paid."

(The Minute Book, page 25, is referred to, and the Minute for Thursday, the 6th of December, is read, as follows:—'The Board 'met this day at 1 o'clock, p.m. Present: Sir Robert Thorburn in 'the chair, Mr. Donnelly, and the Manager. Bills amounting to '$8,628.25 were offered for discount, and approved. The Man-'ager having submitted a statement of Profits for the half-'year ending 30th ultimo, it was resolved to declare a dividend of six 'per cent. for the half-year, payable on the 12th inst. Signed 'Robert Thorburn, Chairman.')

"That was the regular Thursday Meeting, we had no meetings after that in that week. On the following Monday we suspended payment, and we have never opened for business since. We are now in the hands of Liquidators, that is, the Bank is. I produce a statement of the Profits for the half-year ending on the 30th of November 1894, marked "C. S. P. 20."

(Mr. Morine objects to its reception, as do all the counsel, as being after the date of the charge.)

"There was no allowance made in that Statement for bad and doubtful debts. There was a surplus over the dividend.

"In 1894, from the Annual Statement to the suspension of the Bank, I was present at all the meetings of the Board. There was no discussion at any of the meetings as to the liquidation of any individual members of the Directorate. There was no suggestion at any of those meetings of either John Munn & Co., Thorburn & Tessier, or Baine, Johnston, & Co., going into liquidation. Mr. W. B. Grieve was present at the Board Meeting that was held two days after the Annual Meeting. There was no reference at that or any subsequent meeting to his finding cover for his account. He was not asked after his return to provide cover for his account. After I took Mr. Goldie's place at the Board no request was made to Sir Robert Thorburn or John Munn & Co. to provide cover for their accounts.

"On the first Thursday of every month a list of debit balances on all current accounts was laid before the Board. In the correspondence between the Bank and W. B. Grieve and Baine & Johnston, the Mortgage alluded to had reference to the premises occupied by Baine, Johnston, & Co., on the South Side of Water Street and also on the South Side of the Harbour." (Objected to.) "That Mortgage was in the possession of the Bank at the time when I took Mr. Goldie's place at the Board, but I don't think it was then signed by Mr. W. B. Grieve, but he signed it I think after he came back. That deed was never registered. I think Mr. Knight, Solicitor to the Bank, obtained Mr. Grieve's signature to it I don't know when. It is now in Mr. Knight's possession. The question of the Registration of that deed came up before the Directors on the 10th of August, 1894, Sir Robert Thorburn, Mr. Grieve, Mr. Munn, Mr. Donnelly, and the Manager being present."

(Mr. Morine objects to this, as it was after the date of the Information. The Minute is shewn to Witness, page 16:—

'It was decided by the Board that the Mortgages of Lands and Premises from Mr. W. B. Grieve be recorded on the first of October, and in the meantime be filled up at the following valuations, namely, North Side Land and Premises, $50,000, South Side ditto, $20,000. Total, $70,000.')

"That deed was not registered on the first of October."

QUESTION:—"Why?" (Objected to by Mr. Morine.)

"Just before the time for registering, Mr. Grieve objected to the Board that registering then would be prejudicial to his business, before his voyage was got in; and that it would be better to wait until the middle of December, when the voyage would be collected,—and the Board considered the reason good, and agreed to defer the registration until then. Sir Robert Thorburn was not present, but when he returned to town I told him what had been decided upon, and he concurred in the view taken by the Board. The suspension took place before the deed was to be registered, and the deed has never been registered, and the Bank has lost the security that might have accrued if it had been registered. Outside those Mortgages there was no security held for the indebtedness of Baine, Johnston, & Co.

"On the 8th of March, 1894, Baine, Johnston, & Co. owed the Bank on Current Account $228,673 88
on Exchange 264,000 00
as Indorsers 2,051 00
as Promisers 15,021 00

making a total of $509,745 88

"On the 31st of March 1894, they owed
on Current Account $247,643 59
on Exchange 216,000 00
as Indorsers 1,477 00
as Promisers 4,562 00

Total $469,682 59

"On the 16th of June, 1894, they owed
on Current Account $399,412 66
on Exchange 48,000 00
as Indorsers 11,108 00
as Promisers 11,422 00

Total $469,942 66

On the 30th November their total indebtedness was $638,126.01

"Mr. Donnelly was elected a Director on May 1st, 1884, by the Board, and by the Annual Meeting of Shareholders in the same year, in June. At that date he owed the Bank $65,936.95. The Directors sent out a Circular asking the shareholders to elect Mr. Donnelly, I believe.

"I produce an analysis of the Profit & Loss, taken from the Profit & Loss Account, for the year ending 31st May, 1893, marked "C. S. P. 21."

(Signed) C. S. PINSENT.

Sworn before me at St. John's, aforesaid, this 23rd day of August A.D. 1895.

(Signed) J. G. CONROY, J.P.

The further Examination of CHARLES S. PINSENT, taken upon oath this 26th day of August, A.D. 1895.

"In giving the Statement of Transfers of Shares on Friday last, I overlooked two accounts of Sir Robert Thorburn as Trustee. He had 18 shares as Trustee, and he sold them to

James Goldie, Trustee, Aug. 1887	12 shares
A. G. Smith, Aug. 1887	3 do.
Robert J. Moores, Sept. 1891	1 do.
Charles Nichols, Sept. 1891	2 do.

"In another account Sir R. Thorburn had 15 shares as Trustee, which he sold in 1887 to A. G. Smith. Mr. Goldie, late Manager, never had any shares in his own name in the Bank; he had some from time to time as Trustee, but at his death there were none standing in his name either in his own right or as Trustee.

"I put in two Mortgages from W. B. Grieve, intended to be filled up in Newfoundland. They were signed by Mr. Grieve here but had been drawn up in Scotland, "C. S. P. 22" and "C. S. P. 23." Subsequently another Mortgage was substituted for them, drawn up by Mr. Knight as Solicitor for the Bank, "C. S. P. 24." This was also signed by Mr. Grieve. None of these three was ever registered."

(Mr. Morine objects to the reception of these documents.)

(Signed) C. S. PINSENT.

Sworn before me at St. John's, aforesaid, this 26th day of August, A.D. 1895.

(Signed) J. G. CONROY, J.P.

The further Examination of C. S. PINSENT taken upon oath this 28th day of August, A.D., 1895.

"I wish to correct an error in my statements concerning the Mortgages from Mr. W. B. Grieve which were sent from Scotland. They were signed by Mr. Grieve before they arrived in this country."

Cross-Examination by MR. MORINE:—

"The failure to register them was not due to any defect in the signature. They were not used at all, another was substituted for them and signed by Mr. Grieve here. There was a blank in them when they came out, the name of the Mortgagee was not filled in. The Mortgagee would be somebody on behalf of the Bank, and the name could have been filled in by the Bank after the Mortgages came out.

"The Statement and Report for 1894 were in my handwriting. The Statement was sworn to by me as correct."

QUESTION:—"To the best of your knowledge and belief was that a true statement?"

ANSWER:—" With the information I then had, to the best of my knowledge and belief it was a true Statement."

QUESTION:—" As a matter of fact was it a true Statement of the accounts of the Bank as they appeared in the books of the Bank?"

ANSWER:—" To the best of my present knowledge and belief it was so."

" I believe the letters that I have put in signed Baine & Johnston were in the handwriting of Mr. Robert Grieve, who resides in Greenock."

QUESTION:—" What percentage would the Bank dividends in 1890 and 1891 along there pay upon the market value of the shares at that time?"

ANSWER:—" I think, though we kept no record of the market price of shares, that the dividend and bonus would amount to five per cent. of the market value in 1890, and perhaps in 1891 also. Baine, Johnston, & Co., were paying on their overdrawn account in the same years six per cent. It would be a saving of money to sell shares and put the proceeds to credit in the Bank or into the business of Baine, Johnston, & Co. I will prepare a memorandum of the Interest charged upon Baine, Johnston, & Co's current account since January 1890, and the profit on their exchange account for the same period."

To MR. JOHNSON, *Q.C.*:—

" Referring to May and June, 1894, I have said that there is no minute in the Minute Book of the Bank recording Mr. Harvey's resignation."

QUESTION:—" If a full record were made of the proceedings of the Board meeting of the 14th June, would it not appear that you read Mr. Outerbridge's letter addressed to you, stating that Mr. Harvey had finally retired from his position as Director, and that he would not sit again at Board Meetings?"

ANSWER:—" Of course if a full record were made that would appear; but the Board were not in the habit of making minutes of proceedings which were not accepted."

QUESTION:—" Would it not also be recorded that at the same meeting Sir Robert Thorburn produced Mr. Harvey's letter to him to the same effect?"

ANSWER:—" The same answer applies, with the additional point that Mr. Harvey's letter to Sir Robert was in the nature of a private note."

QUESTION:—" Was not that letter, on the contrary, a letter affecting the Bank generally, inasmuch as it requested Sir Robert Thorburn to make known to the meeting of Shareholders that he declined re-election?"

ANSWER:—" It would have been if it were considered an emphatic resignation, but the Directors did not regard it in that light."

QUESTION:—" Was not Sir Robert Thorburn the Chairman of the Board of Directors?"

ANSWER:—" He was. He was in the Chair at that meeting of the 14th of June, when he brought the letter before the Board. Mr. Outerbridge, already referred to, is and was Mr. Harvey's partner. Mr. Outerbridge saw me personally on the subject of Mr. Harvey's retirement, but I think it was after I had received his letter. Mr. Outerbridge spoke in the same way as he wrote, and added that he

had informed the Directors to the same effect. I understood from Mr. Outerbridge that Mr. Harvey's retirement was final,—that Mr. Harvey intended his resignation to be final. I don't remember if I mentioned the fact of my interview with Mr. Outerbridge at the meeting of the 14th. Mr. Harvey's letter of June 20th, from New York, was read at a Board Meeting. The letter reiterates Mr. Harvey's decision declining re-election, and refusing to act in any way in the capacity of a Director. Mr. Harvey's first letter, of the 9th of June, was not regarded by the Board as a resignation."

QUESTION:—"Did the Board at any time communicate to Mr. Harvey that they did not consider that letter as a resignation?"

ANSWER:—"No. The Board made no remark about the finality or sufficiency of Mr. Outerbridge's letter. In my judgment there is no ambiguity as to the meaning and finality of Mr. Outerbridge's letter. To my mind Mr. Harvey's letter from New York is clear, decisive, and unambiguous in his refusal to act as Director. These letters of Mr. Harvey and Mr. Outerbridge were not made matters of record by the Board. After the 9th of June neither I nor the Directors, to my knowledge, consulted with Mr. Harvey in any way as to the affairs of the Bank. He went away on the 10th of June. After the receipt of his letter of the 20th of June Mr. Harvey had no connection with the Bank as Director."

QUESTION:—"Do you assume to ignore Mr. Harvey's previous letter of the 9th June and Mr. Outerbridge's of the 13th, and Mr. Outerbridge's personal communication to you and the Directors?"

ANSWER:—"The letters of the 9th and the 13th June, and Mr. Outerbridge's personal communications were not acted on, for the reasons that I have given before. I mean, not acted upon by the Directors. The letter of the 20th of June got no publicity from the Directors, but I believe it was their intention to appoint a new Director within the year. The subject of the appointment of a new Director was informally discussed after the receipt of that letter. After the 9th of June Mr. Harvey knew nothing whatever of the management of the Bank. He left the Colony, I believe, on the morning of the 10th."

QUESTION:—"At what meeting of the Board was the Annual Statement and Report for 1894 submitted to the Board of Directors?"

ANSWER:—"On the 11th of June, 1894. Mr. Harvey was not present at that meeting. My reason for saying that it was submitted on the 11th is that I notice the affidavit verifying it was sworn on the 12th of June, and the 11th was also the date at which I submitted to the Board a Statement of the Annual Profits."

QUESTION;—"Did Mr. Harvey at any time see the Statement or Report of 1894?"

ANSWER:—"No."

(Signed,) C. S. PINSENT.

Sworn before me at St. John's, aforesaid, this 28th day of August, A.D. 1895.

(Signed,) J. G. CONROY, J.P.

The Cross-Examination of CHARLES S. PINSENT continued this 2nd day of September, A.D. 1895.

To MR. JOHNSON, *Q.C.*

"The account of Harvey & Company was an advantageous one to the Bank. The Bank continued their account after Mr. Harvey's resignation as previously. It made no difference to the state of the account whether he remained a Director or not.

I prepared the 1894 Statement and submitted it to the Directors, and they signed it.—those who were present, whose names have already been given. I did not prepare that Statement with the intention of deceiving anybody. I got the data from which I prepared that Statement from the Balance-Sheet, and the Balance-Sheet was taken from the books of the Bank. No alteration in my proposed Statement for the year was suggested by any of the Directors. In preparing the Statement I followed the precedent adopted by Mr. Goldie, and I believe by Mr. Smith before him. We first take off a balance sheet before the final closing entries of the books. That is not necessarily submitted to the Directors. It was Mr. William H. Crowdy, the Accountant, took off that Balance Sheet. Next, from that Balance Sheet and from the General Ledger, a Statement of the Profits for the year is made up. I prepared that in 1894 Mr. Goldie prepared it in 1893. That is submitted to the Directors, (the Statement of the Profits,) and from that balance of profits the Directors apply it for purposes of Dividend and Bonus, and Reserve Fund, Contingent Account, Bad and Doubtful Debts; in brief, for the purposes of the closing entries for the year. When these closing entries are made we take off the the final balance sheet. From the final balance sheet the annual statement is then taken. While all this was being done in 1894 there was no expression of want of confidence by the Directors in the Statement as prepared by me. There was nothing between me and the Directors in the nature of a conspiracy or agreement to misrepresent the true state of the accounts. To my knowledge there was no discussion tending to that end among the Directors themselves. I was present at the time at all meetings of the Directors. The 1894 Statement was compiled by me and submitted to the Directors, and signed by all of them who saw it. It was not signed by Mr. Harvey, and he had not seen it."

QUESTION:—"Was the Statement for 1894 as prepared by you and submitted at the Annual Meeting of that year in any way whatever the result of a conspiracy between you and the Directors?"

ANSWER:—"It was not. There was no such conspiracy as far as I am concerned, or any conspiracy to my knowledge. In my position as pro-Manager I had no knowledge of any conspiracy to deceive anybody. It was I made up the Statement of Profits that was submitted to the Directors, and no director suggested an amendment to that. From the information I then had, that statement was a *bona fide* statement of the result of the Bank's business for the year, prepared by me honestly and in good faith, and shewing a balance of profits for the year out of which bonuses and dividends could be paid. I simply submitted the Statement, which shewed a very large balance of profit, and merely suggested that $30,000 should be put to Contingent Account. It would be taken as a matter of course that the dividends and bonus should be paid out of these profits."

"C. S. P. 9," is here produced, and witness says: "That is the

Statement as I submitted it to the Board, and the allocations were made by the Board. I wrote in pencil upon the bottom of the statement when submitting it to the Directors the following proposition, namely:—

Dividends	$54,720 00
Bonus	13,680 00
Reserve	20,000 00
Contingent Account	30,000 00
Profit & Loss	7,319 79
Total	$125,719 79

as now appears in ink. The Directors approving of this proposition, I then wrote it in ink. A Statement similar to that was made in 1893.

"I now produce a Statement of Profits to 31st May, 1893, in the handwriting of the late James Goldie, "C. S. P. 25."

"Appearing at the foot of that Statement in pencil in Mr. Goldie's handwriting, and added to the amount of the profits as shewn in ink is the following:—

From Reserve	$40,000 00

making a total of $242,264.90, shewn in pencil. And the following distribution of the amount:—

Dividends	$54,720 00
Bonus	13,680 00
Bad Debts	164,620 27
Profit & Loss	9,244 63
	$242,264 90

I assisted Mr. Goldie in the preparation of this Statement for 1893, and I followed that same course in 1894. This was the usual method. The dividend was paid in 1894 in accordance with the proposal referred to. I considered the proposal of 1894 right for the shareholders and for the Bank. I subsequently made oath before a magistrate of the correctness of the Statement for 1894.

"I had no intention of putting before the Directors for their adoption a Statement of Profits and a proposal to deal with the apparent profits for the year which could have subjected them to an accusation of an intention to deceive and defraud the shareholders. On the contrary it was my intention that the Statement of Profits and their appropriation should be perfectly honest.

"These are the documents, namely the Statements and Report for 1894, which the Directors and I presented to the Shareholders and published, and for the publication of which the Directors are now accused. I was in the Bank before any of the late Directors were on the Board. Of late years my business relations with Mr. Goldie had been very intimate. I would spend about thirty hours each week in the Bank, and would be constantly in communication with the Manager. The time of the Directors in the Bank would be about an hour a week.

"I believe it has always been the practice of the Manager to make up the Statement of Profits and the Annual Statement, and to

shew how he thought the Balance of profits should be disposed of, and to lay the same before the Directors for their approval. I was not in a position to know if the Directors ever disregarded the Manager's advice. Generally communications on business matters between the Bank and its customers were carried on through the Manager, and the result reported to the Directors. The late Manager would generally have known more of the affairs of individual customers than the Board would know as far as their relations to the Bank. All debit balances were laid before the Directors monthly, the first Thursday of every month.

"Mr. Goldie was never indebted to the Bank in any amount worth speaking of. He never sought an increase of salary to my knowledge. He had the same salary from the first day to the last. The Directors never promised him, to my knowledge, any increase. They once presented him with a suite of drawing-room furniture. In 1882 the the shareholders voted him a Bonus of $1000. During the last two years before his death, and for some time previous, Mr. Goldie was a man of considerable means, quite independent of the Directors. I believe him to have been a man of high honour and integrity. He had long experience as a banker in several banks. He began immediately when he left school in a Scotch Bank. His reputation as a banker stood high before he came to this country, and since. I believe he was not a man to make up a Statement to lay before his Directors with intent to deceive the stockholders. I believe he was not a man who would conspire either openly or tacitly to enable Directors to put a false statement before the stockholders. I have seen the statement and report for 1893. They were drawn up by Mr. Goldie, and he attested the accuracy of the statement on oath in the usual way. I believe that the statement agreed with the Bank books. As far as the books went, I believe it was a correct statement. I have no doubt that with the information he had at the time the statement was correct. Some of the amounts due to the Bank on the 31st of May, 1893, and 31st of May, 1894, which were considered at those dates perfectly good, have since turned out not worth their face. In some degree this has been owing to the crash,—to a considerable extent so due. I had not, and I am not aware that any of the Directors had, any anticipation of or reason to fear the coming of the calamity which occurred on the 10th of December, 1894, at the time of the Annual Statement of the May previous. The immediate cause of the crash in Saint John's was the closing of the Commercial Bank. This caused a run, a very serious run, on the Union Bank, and a run also on the Savings Bank. This run on the Union Bank and the demand of the Savings Bank upon it for Specie caused together the close of the Union Bank. No customer of the Union Bank had failed immediately before the Bank closed. These disasters greatly decreased the value of mercantile property throughout the Island. The value of many kinds of mercantile property, crafts, fishing gear, balances, was greatly reduced. It would not be fair to judge of the solvency of a business in May, 1893, or May, 1894, by the result of its wind-up after the crash. At the time of the Annual

Meeting in 1893 the balance of the credit of the Bad and Doubtful Debt Fund was, I believe, the result of a careful estimate. I believe it was at that time considered to be sufficient to liquidate all such accounts in the books."

(Signed) C. S. PINSENT.

Sworn before me at St. John's, aforesaid, this 2nd day of September, A.D. 1895.

(Signed) J. G. CONROY, J.P.

The Cross-Examination of CHARLES S. PINSENT resumed this 3rd day of September, A.D. 1895.

" The appropriation of the balance of Profit & Loss on May 31st, 1893, was carried out exactly as arranged by a meeting of the Board of Directors, and as appeared in pencil in " C. S. P. 25." The pencil writing was Mr. Goldie's, like the rest of the document. The statement of Profits and the mode of appropriating the balance, as noted in pencil, was all the work of Mr. Goldie, and was carried out as noted in pencil and adopted by the Board of Directors. The Dividends and Bonus were paid as noted in pencil in that Statement. The form of the Annual Statement has been the same from a time previous to any of the late Directors being on the Board, and before Mr. Goldie came to the Bank.

" In reference to the $250,000 of Bonds belonging to the Union Bank of Newfoundland which were transferred as collateral security to the Union Bank of London to cover any overdraft, these Bonds are included in the Statements for 1893 and 1894 under the heading 'Balances due by Banks, and funds available in fifteen days.' The overdraft is included under the heading 'Due by Bank, including 'deposits at interest, payable in January and July only, on receiving 'fifteen days' notice.' There was collateral held by the Union Bank of London for the same purpose before any member of the last Board held office. Such collateral has always been included under the same head in the Annual Statement. There's no item on the Assets side specifically shewing the $250,000 Bonds. The absence of that item might be considered as misleading, because if the Bank were largely indebted to the Union Bank of London, it would be appropriated to that indebtedness in case of necessity, as was done in fact when the crash came and our Bank suspended payment. I mean that that amount of $250,00 being included in the item 'Balances 'due by Banks and Funds available in fifteen days,' might be considered misleading, in as much as that amount might be applied, if necessary, to payment of debt due the Union Bank of London. As a matter of fact that was a fund available in fifteen days. I mean that instead of being a free asset for the benefit of all creditors alike, it was subject to a first claim by the Union Bank of London if any balance due to it at any time were not otherwise met in accordance with the conditions of the assignment. The whole liability to the Union Bank of London was included in an item on the liability side. A shareholder of the Bank taking the Annual Statement would see upon the liability side included in an item the whole liability to the Union Bank of London, but he would not know it to be such, and upon the other side, amongst the assets, would be

included in an item the full amount of these securities, though he would not know it to be such. Neither assets nor liabilities purported to be stated in detail in the Annual Statement. Putting myself in the position of a Shareholder holding that Statement, all the assets appeared to be applicable to all the liabilities.

QUESTION:—"What difference did it make to a shareholder as such, not as a creditor, that a portion of the assets, instead of being applicable generally to the liabilities, was first applicable specially to a particular liability?"

ANSWER:—"It made none whatever. Referring to the Statement of 1894, I made that Statement in reference to these Bonds or securities *bona fide*, without any intent to mislead or deceive. I believe the Directors assented to this Statement in good faith also, and without any intention to mislead or deceive."

To HON. MR. MORRIS:—

"Referring to the shares purchased in 1884 by Sir Robert Thorburn from W. R. Grieve, and resold in the same year, I believe these shares were purchased nominally, and only for the purpose of selling them for the owner. The proceeds of fifty-two shares standing in the name of Sir Robert Thorburn and sold, were applied as follows:—

To Credit of Walter Grieve & Co., Dec. 2nd. 1884, 10 shares.
On Dec. 15th, 1884, 10 shares.
On April 24th, 1889, 20 shares.
From R. Thorburn, Trustee, sold to James Goldie, Trustee Aug. 1887,
and sold by the latter and credited to Greenock Store Mortgage account Dec. 6th, 1888, 12 shares.

"When the Bank closed there were twenty shares in Sir R. Thorburn's name. The Bank had a lien on them for overdraft. I believe that the $11,600 credited to Sir R. Thorburn's account in March and April 1888 were the proceeds of shares sold at that time. After the Fire of 1892 there was a sum (Sept. 1892,) credited to Walter Grieve & Co. of $17,097, for whose balance Sir Robert Thorburn was responsible."

(The Witness' attention is drawn to the Statement of Directors' balances at different dates, as already put in evidence, "W.H.C.7&8.")

"May 31st, 1893. I deduct the sterling exchange, $78,240, from the gross indebtedness of his firm. The balance is $374,032.62. Doing the same by the account of May, 1892, the balance is $392,-793.76, shewing a decrease of $18,761.14 of a reduction from 1892 to 1893."

QUESTION:—"Was the gross amount of John Munn & Co.'s liabilities and Baine, Johnston, & Co.'s less at the Annual Statement of 1893 than at the Annual Statement of 1892?"

ANSWER:—"Yes, by $27,570.91 in Munn's case, and by $23,368.27 in Baine, Johnston, & Co.'s. Thorburn & Tessier were in the habit of submitting an Annual Statement of their affairs to the Bank."

(Signed) C. S. PINSENT.

Sworn before me at St. John's, aforesaid, this 3rd day of September, A.D. 1895.

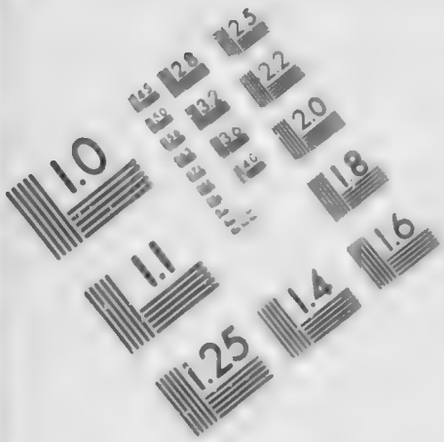
(Signed) J. G. CONROY, J.P.

The Cross-Examination of CHARLES S. PINSENT resumed, this 4th day of September, A.D. 1895.

"I produce the Annual Statement submitted to the Bank by Messrs. Thorburn & Tessier for 1891, 1892, and 1893. They shew profits of the firm's business in 1891 to be $24,000; the Capital due partners $106,870.46. I believe that Statement, "C. S. P. 26," is in Mr. Henry Bradshaw's writing. Mr. Bradshaw was the firm's book-keeper and Office Manager in Sir Robert's absence. He held the same position for many years with Walter Grieve & Co. The Statement for 1892, "C. S. P. 27," shews a Loss of $16,487.14; Capital due partners, $76,553.15. The Statement for 1893, "C. S. P. 78," also, like the other two, in Mr. Bradshaw's handwriting shews a profit for the year of $14,017.29; Capital due partners, $80,461.74. The increase in Capital is the effect of the Profits.

"These Statements were required by the Bank, for the purpose, I believe, of fortifying the Directors as to the condition of the business. That was done in one other case, John Munn & Co.'s, but not to the same extent. We had a Statement from the latter firm in 1891, also in 1892, but not in 1893. The Capital in the Statements referred to does not include Sir Robert Thorburn's interest in the Sealing steamers, amounting to 167 shares, at $200 each face value. Sir Robert Thorburn, I believe, paid in the dividends from these shares to the Bank. $33,982 were paid in that way. Thorburn & Tessier never got any allowance on their account, except a balance to the debit of the Greenock Store Mortgage account, which being to the amount of between $4,000 and $5,000, was charged off to the Bad and Doubtful Debts account. It was an account that was opened, I think, about the same time that the new firm of Thorburn & Tessier began. There was another Statement from Thorburn & Tessier which did not come in until after the crash. That was submitted by the firm to the Committee of the Legislature appointed under the charter. It shewed a surplus of between $40,000 and $50,000, as well as I remember. I have not examined the Statements "C. S. P. 26, 27, 28," but assuming that the figures are correct the Statements would satisfy me as to the solvency of the firm. These Statements are not in detail. If they correctly represent the facts of their business, they shew the firm to be solvent. Examining those Statements, and assuming them to correctly state the condition of the business, and taking into consideration the very large amount shewn to be due to the partners, the amount of the assets over the liabilities exclusive of the liability to the partners, would allow of a large contraction in the value of the assets, and still leave the business a solvent one. In other words, it would be able to pay one hundred cents in the dollar to all creditors except the partners.

"At the Annual Statements of 1893 and 1894 the balance due by Munn & Co. on current account was under $75,000. They were doing a very large business, and had considerable assets—large assets in the way of floating craft and steamers. I believe Munn & Co drew altogether on Bennett of Bristol. Bennett of Bristol was rated at £60,000 sterling by us from our latest information. Even in view of the large quantity of property owned by Munn & Co., and their amount of Exchange on Bennett of Bristol, $75,000 would be a large risk. On August 2nd Mr. Crowdy referred to the accounts of Shea



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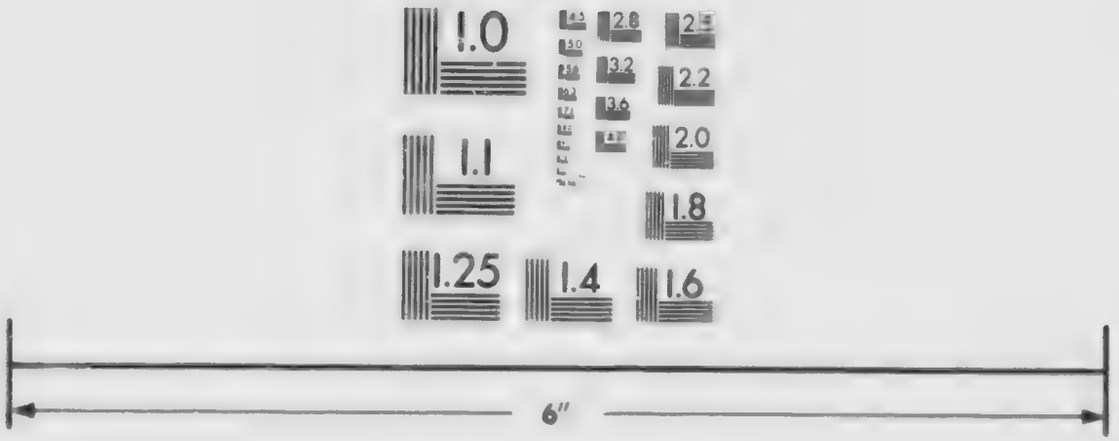
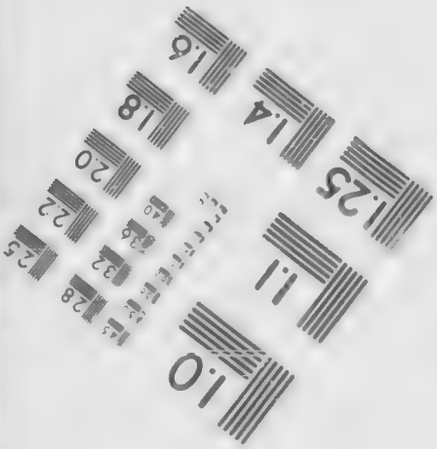

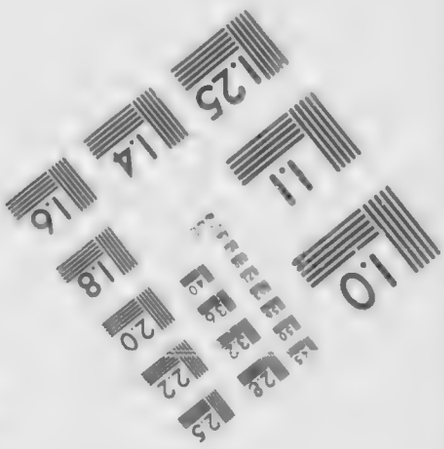

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(716) 872-4503

& Co. and Clift, Wood & Co., and a few others, Some of these accounts are provided for."

To MR. MORINE, *L.L.B.*:—

"Taking the Profit & Loss Account of Statement "C. S. P. 28," that is charged with various losses during the year, $39,856; the meaning being that that amount so written were debts due Thorburn & Tessier, and regarded by them as uncollectable. The Profit & Loss Account for 1892 in the Statement "C. S. P. 27," shews $9,268.96 of uncollectable debts charged off. In the same account for 1893, "C. S. P. 28," $31, 643.23 were charged off. The total in three years would be $80,768.19. The firm began in 1888. These amounts written off would be on accounts for supplies to dealers. Losses upon fishery adventures are charged separately and apart from these. The charges for the losses are made each year before any distribution of profits to the partners. By their Statements Thorburn & Tessier would appear to have allowed a proper provision for losses upon bad debts. They did not appear to be carrying forward bad and doubtful debts from year to year. In 1892, looking at the profit and loss account, they made a loss of $15,487.14. The loss on that year's business is charged to the partners in their Statement. Looking at that account, exclusive of all the charges for conducting the business, the losses were

1st.	Loss on adventures for 1891, including outstanding Adventures and the realization of old fish	$12,310 81
2nd.	Loss on Adventures for 1892	7,114 83
3rd.	Loss on Seal Oil A/c., exclusive of interest	18,663 87
4th.	Sums written off Dealers' and other accounts	9,268 96
5th.	Sums written off Steam Launch	1,316 47
6th.	Shop loss by Fire	2,294 72
7th.	Sum retained at Credit to meet future contingencies	4,500 00
	Total	$55,469 66

"The supplying business does not appear to be all gain. As a Bank Manager, the Statement impresses me that Thorburn & Tessier were keeping a careful eye to their losses, and making due provision for them in the account of the year's business. The statements for 1891 and 1893 impress me in the same way. These Statements put before Directors would in my opinion on their face so impress them, and in the absence of any other special information, would justify them in considering the business of the Firm as solvent."

(Signed) C. S. PINSENT.

Sworn before me at St. John's, aforesaid, this 4th day of September, A.D. 1895.

(Signed) J. G. CONROY, J.P.

The Re-Examination of CHARLES S. PINSENT, taken this 12th day of September, A.D. 1895.

"I stated on Cross-Examination that with the information I then had, the Statement of 1894 was true."

QUESTION:—"With the information which you now have, is that Statement true?"

ANSWER:—"I should not consider it altogether true with the information I now have.

"Referring to Mr. Harvey's resignation, I referred to previous resignations by Mr. Harvey. I produce now a letter dated 10th of August, 1891, marked "C. S. P. 29," resigning his Directorship. I produce the reply to that, a pressed copy dated 31st of August, 1891, "C. S. P. 30." There is no record of the acceptance of that resignation. There is no record of the letters just put in. Looking over the records of the Bank, the Minute Book for the year 1891 shews that Mr. Harvey continued on the Board until the end of 1891, and the Minute Book for 1892 shews that he was present at the Board Meetings of that year. I now produce another letter from Mr. Harvey, dated the 20th of April, 1893. "C. S. P. 31." I produce pressed copy of answer, dated 21st of April, 1893, "C. S. P. 32."

(Mr. Morine objects to the production of "C. S. P. 30" and "C. S. P. 32" as affecting his clients.)

"These letters and replies now produced were found together in the Bank, and in them I found this slip, "C. S. P. 33," in Mr. W. B. Grieve's handwriting, as I believe.

"Mr. Goldie left this country on the 21st of May, 1894, in ill health. Between seven and eight months before, (on the 5th of October, 1893,) he notified the Directors of his intention to resign and leave. No action was taken between the time of his notification and his leaving the country in respect of the appointment of a successor as far as I know. I know nothing of the reasons that actuated him in resigning. I don't think it was generally known in the Bank or outside that Mr. Goldie intended to resign. Mr. Goldie as far as I am aware, never had before 1893 resigned or intimated his intention to resign. I am not aware that he was asked by the Directors or any of them to revoke his resignation or not to resign. Mr. Goldie told me he had resigned, but I am not aware of his resignation on any other authority, except the minute of 5th October, 1893."

QUESTION:—"Referring to the Minute of the 18th of April, 1889 confirmed and amended by Minute of the 25th of June, 1890, ("C. S. P. 5," and "C. S. P. 6.") how far did Manager Goldie and yourself afterwards carry out that Minute?"

ANSWER:—So far as the overdrafts were concerned, the amounts were placed before the Directors on the first Thursday of every month. These overdrafts continued to increase from time to time, some at least, those of the large exporting houses, such as Baine Johnston's and Thorburn & Tessier's. At all events those of the latter houses continued to increase. I don't know of my own knowledge of any objection to these overdrafts made by the Directors during Mr. Goldie's time. While I was either pro-Manager or Manager no objection was made by the Board to overdrafts or to the increasing exchange or Current Accounts of the Directors. I don't think the Exchange accounts, although they were over the limits, increased in my time on the Board. After I went to the Board there was no protest made there against the increasing current accounts of Thorburn & Tessier, Baine, Johnston, & Co., or Munn & Co. After I went to the Board there was no effort made by the Board as a body to induce individual members of the Directorate to reduce their current accounts, and to

comply with the bounds prescribed by the Minute of April 1889, confirmed by that of June, 1890; and that though these accounts were brought regularly before the Board the first Thursday of every month.

"In reference to the Minute of the 9th of December, 1891, concerning Thorburn & Tessier, I produce a letter from Sir Robert Thorburn, dated 15th December, 1891, to James Goldie, Manager of the Union Bank, "C. S. P. 34."

(Mr. Morine objects to its reception as against his client.)

"I don't remember that money was advanced by the Bank to Sir Robert in payment of calls on Sealing shares, but I have no doubt there was. The letter "C. S. P. 34" was a reply to one conveying to Thorburn & Tessier the Resolution of the Board of the 9th of December. There was a Seal Oil Account opened in the Bank after that Minute. I don't remember the particulars of that account. I will look into it and ascertain the particulars.

"The Minute of the 2nd of May 1892 concerning Munn & Co. was referred to by me as stating that 'at the end of the present sea-'son, when the result of the year's operations have been ascertained,' the matter was to be considered by the Board."

(Signed,) C. S. PINSENT.

Sworn before me at St. John's, aforesaid, this 12th day of September, A.D. 1895.

(Signed) J. G. CONROY, J.P.

The Re-Examination of Charles S. Pinsent resumed this 13th day of September, A. D. 1895.

"The indebtedness of John Munn & Co. was

on the 2nd May, 1892, on Current Account	$103,306 88
Exchange	134,400 00
Total	$237,706 88

Their indebtedness on the 31st December, 1892,

was, on Current Account	$115,811 42
Exchange	331,200 00
Total	$447,011 42

"I don't know that that Account was taken into consideration by the Directors in accordance with the Minute of the 2nd May, 1892. I don't think there is any record to that effect. There was no permanent reduction of that Current Account between that date and the date of the Bank's suspension. At the latter date their indebtedness was about $155,000 on Current Account. On the 30th of November, 1894, their indebtedness was

Discounts	$15,002 00
Current Account	198,795 74
Exchange	345,600 00
Total	$559,397 74

"The Statement "C. S. P. 9" is the document I shewed Mr. Harvey, I think on Saturday, the 9th of June, and the other Directors who were present. I shewed it to him and them informally, because it was not a regular Board Day. They were there for the purpose of counting the Treasury Cash. They took no action upon it beyond expressing their opinion upon it. I mean by shewing it 'informally,' that the Directors were present for another purpose, and as the paper was ready, I shewed it to them. The following Board Day was Monday, and then I brought it forward before the Directors who were present, and made a minute of it. That was the 11th.

"On Saturday, when I shewed the Statement, Mr. Harvey and Mr. Donnelly and Sir Robert Thorburn were, I believe, present. I have no doubt these three were present. I have no doubt that I shewed them this document, and I am sure that I shewed it to Mr. Harvey, because I remember his expressing his approval of the amount put down to Contingent Account. In making the Annual Statement no use is made of this document. The closing entries in the books are made from this, and from these books the Annual Report is compiled. That Statement is made up for the object of shewing the Directors the result of the year's business. The amount of dividends in this Statement, ("C. S. P. 9,") and Bonus, and the amount to Reserve Fund, and the amount remaining at Credit of Profit and Loss Account are referred to in the Annual Report."

QUESTION:—"Is that the purpose for which this Statement is made up?"

ANSWER:—"This Statement is made up for submission to the Directors to shew them the result of the year's business."

QUESTION:—"Is the result of the year's business as contained in this Statement as a matter of fact what is contained in the Annual Report, so far as the Report goes?"

ANSWER:—"Yes.

"When this Statement was laid before Mr. Harvey and the Directors present on the 9th, there was no particular comment on it, as they did not give themselves time to consider the matter. It was not the regular day for it, and they were not expected to consider it. I mean to consider it fully, as they were there for another purpose, and the matter was to come up formally and specially on the regular Board Day, Monday."

QUESTION:—"In calculating the Bad and Doubtful Debts for the Annual Report for 1894, did you go through the overdrawn accounts carefully, for the purpose of striking off such debts?"

ANSWER:—"It was not considered that there were any Bad or Doubtful Debts that had not been already provided for in the 1893 Report. I refer to the Board of Directors as not considering that there were such, as the matter was all laid before them, and they did not consider any provision for the purpose beyond that made in 1893.

"At the time of the Annual Report for 1894 the letters of W. B. Grieve and of Baine & Johnston were in the possession of the Bank. In 1893 certain Bad and Doubtful Debts were taken into account and provided for, but no further provision was made for them in 1894."

QUESTION:—"In 1893 were any of the accounts of the Directors considered bad or doubtful debts?"

ANSWER:—" No. In 1894 none of the accounts of the Directors were considered bad and doubtful debts."

QUESTION:—" When is an account in the Bank considered by the Directors bad and doubtful?"

ANSWER:—" All business accounts, as a rule, were regarded by them as good so long as they were allowed to continue in the Bank, and the persons had not failed in business. As a rule it was only when the party became insolvent or suspended business that the account was considered bad and doubtful.

" Under these circumstances no question ever arose at the Board as to whether the Accounts of Directors were bad or doubtful or not. In making up our interest for the years 1893 and 1894 we acted on the basis that these accounts of the Directors were good, substantial, and solvent accounts. We valued Baine, Johnston, & Co.'s account and Munn's account, and Thorburn & Tessier's accounts for the years 1893 and 1894 as solvent accounts, that would pay twenty shillings in the pound.

" As Manager, I had no knowledge of the condition of the business of the gentlemen composing the Directors, except from the Statements laid by themselves before the Board. I had no means of ascertaining the accuracy of the Statements of the several firms laid before the Directors from time to time. It was never suggested, that I am aware of, that their Statements should be compared with their books. It was never suggested to me at all. Never to my knowledge did any Director shew suspicion of the Statement of the other Directors. I should consider they would know more of the trade and business of each other than I could.

" After the Annual Statement in May 1894, there was no effort made to stop the increase of the overdrawn accounts of the members of the Directorate. Mr. Harvey protested against this increase during his time at the Board, by his Minutes and letters produced, and demanded a reduction. There are no protests that I know of from any other member after 1892, either verbal or written or of Minute against this increase. While I was Manager or pro-Manager, until the suspension of the Bank, no action was taken by any individual member of the Directorate, or by the Directorate collectively, to restrain the individual members in the amount of their overdrawn accounts, or in the amount of their Exchange."

(Signed) C. S. PINSENT.

Sworn before me at St. John's, aforesaid, this 13th day of September, A.D. 1895.

(Signed) J. G. CONROY, J.P.

The Re-Examination of CHARLES S. PINSENT resumed this 16th day of September, A.D. 1895.

Mr. PINSENT says:—

" In my evidence of the 3rd of September I said that there was collateral held by the Union Bank of London to cover any overdraft before any member of the last board held office. On looking over the

correspondence I find that the first transfer of Bonds was made in 1868, at which time Sir Robert Thorburn and Mr. Harvey were Directors. That was in the time of Mr. Smith's management. At the time of the Annual Statements made between 1868 and the retirement of Mr. Smith the Bank was never in debt to any bank holding collateral of ours.

"The $250,000 was included in the item on the Statement, 'Balances due by Banks and funds available in fifteen days.' The Bonds could be turned into cash in fifteen days. Nothing of that $250,000 would be available for our Bank's purposes, except the balance after paying the Union Bank of London, that is, if anything were due that Bank. We were not always overdrawn there. At the time of the Annual Statement of 1893 we were overdrawn £14,000 Sterling, and of 1894 £32,000. On the 30th of November, 1894, the amount we owed the Union Bank of London was £64,000 Sterling. In 1895 the New York City Bonds held by the Union Bank of London were sold for £62,000 sterling.

"I have stated that it did not make any difference to a shareholder, as such, that a portion of the assets, instead of being applicable generally to the liabilities, should be first applicable specially to a particular liability."

QUESTION:—"Does it make any difference to a creditor?"

ANSWER:—"Of course it does, because the amount applied to a particular creditor would otherwise be applicable to all the creditors generally."

QUESTION:—"Suppose a creditor were to take up the Statement of 1894, in which the collateral security held by the Union Bank of London is not set forth, would he be misled by it?"

ANSWER:—"I don't think if these particulars had been given it would have affected the mind of a creditor in the least."

QUESTION:—"Suppose these particulars were not not given, as was the case with the Statement?"

ANSWER:—"As a matter of fact it would be misleading to that extent.

"In making up the Statement for 1894 I made it *bona fide* and without intent to deceive, and believing it to be correct, and following the usual form of preceding years. If I had known that the firms of John Munn & Co. and Baine, Johnston, & Co. were insolvent I should not have made up that Statement in that way.

There were large sales of American Securities in the year 1894, before the crash. I produce a Statement of what was sold in 1893 and in 1894 up to the time of the suspension of the Bank, "C. S. P. 35." It shews when they were bought as well as when they were sold. In 1893 and 1894 the face value of these Bonds sold was $1,450,000.

"A Cable Transfer is a remittance by cable; that is, an order to a Bank on the other side of the Atlantic of the sum mentioned to the person mentioned in the transfer. I produce a list of the Cable Transfers made in 1894 for Baine, Johnston, & Co.

April 16th, 1894 ..... £5,000 sterling
June 13th, 1894..... £5,000 sterling
June 16th, 1894... ..... £15,000 sterling
August 30th, 1894 ..... £1,500 sterling
December 5th, 1894..... ..... £3,000 sterling

"In 1893 there were cable transfers for the same firm as follows;—

June 16th, 1893 ... . £4,000 sterling
July 20th, 1893 ..... £5,000 sterling
August 10th, 1893 ..... £6,000 sterling

"The total amount in 1894 was £29,500 stg. The total in 1893 was £15,000 stg. I could not say what transfers would be for, but I know that in some cases the cable transfers of Baine, Johnston, & Co. were to retire Exchange of the latter on Baine & Johnston, that is, acceptances of Baine & Johnston."

QUESTION:—"Referring to the overdraft of Mr. Donnelly, was that overdraft counted as an asset in the Annual Statements of 1893 and 1894?"

ANSWER:—"Yes."

(Signed) C. S. PINSENT.

Sworn before me at St. John's, aforesaid, this 16th day of September, A.D. 1895.

(Signed) J. G. CONROY, J.P.

The Examination of CHARLES S. PINSENT resumed, this 23rd day of September, A.D. 1895.

To MR. MORINE, L.L.B.:—

"When I said on my re-direct examination that with the information I now have I should not consider the Annual Statement of 1894 altogether true, the word 'correct' would have conveyed my meaning just as well as the word "true." To say that with the information I now have I should not consider the Statement as altogether correct would have conveyed my meaning. According to the books, the Statement gives correctly the amounts due to the Bank. The books were correct. At the time I signed the Statement I did not believe it incorrect in any particular. As far as I am aware of, the Directors who signed it, and who are now accused, did not know the Statement to be incorrect at the time of signing it. So far as I am aware, if the Statement were incorrect in the sense I now mean, it was not made so wilfully or for the purpose of defrauding by myself or by anyone else, as far as I know."

QUESTION:—"In using the words of the Directors of the Bank, 'as business men I consider they would know more of the trade and 'business of each other than I would,' do you mean that they should know more from their business knowledge generally, or that as a matter of fact they did know more?"

ANSWER:—"I mean they should know more from their business knowledge generally, and their daily intercourse with each other. I do not mean to assert that as a matter of fact they did know more."

QUESTION:—"From personal knowledge are you aware that any of the Directors who signed the Annual Statements in 1893 or 1894

regarded as insolvent or ultimately unable to pay their debts to the Bank any of the debtors of the Bank for the loss upon the accounts of which debtors no provision had been made by the Bank in the Bad or Doubtful Debts Account, or otherwise?"

ANSWER:—" No.

" The amount of $250,000 referred to by me on the 16th September, in answer to Mr. Emerson, as cover held by the Union Bank of London, was available, as a matter of fact, to pay an equal amount included in the liabilities also shewn in the Annual Statement. The total liability of the Bank to the Union Bank of London was included in the General Liabilities in the Statement, and was not particularly mentioned. Similarly, the $250,000 securities were included in the Assets, but not specifically mentioned. The securities at that time belonged to the Union Bank of Newfoundland. It was then receiving, and did afterwards receive until the time of their sale, the interest on these bonds. If at any time the Union Bank of Newfoundland wished to pay its debt to the Union Bank of London it was not bound to pay it out of those particular securities, but might pay in any other way. If that debt were paid in any other way the $250,000 securities would be available for any other purpose of the Union Bank of Newfoundland. The Union Bank of Newfoundland owed no old debt to the Union Bank of London. The cover was to secure a current account. On the 31st of May 1894 we owed the Union Bank of London £32,000. We remitted between that date and our suspension more than £32,000 sterling. After the 31st May we drew upon them, and at the time of the suspension our debt to them was £70,000 sterling. From the 31st of May, 1894, to the suspension, our drafts upon the Union Bank of London exceeded the £70,000 sterling which we owed at the suspension. Our remittances were to the credit of our account generally, from time to time; and as a rule we made no special remittances to meet a special draft.

" On Monday, September 16th, in speaking of the omission from the Annual Statement of 1894 of the fact of the Security held by the Union Bank of London, in answer to the question 'does that omission 'make any difference to a creditor?' I said 'Of course it does!'. I mean that it makes a difference since the insolvency, because of the insolvency of the Bank."

QUESTION:—" Did the omission, in your opinion, make any difference in inducing persons to become creditors of the Bank?"

ANSWER:—" In my opinion it did not."

QUESTION:—" Was the omission of mention of that cover intended to induce persons to become creditors of the Bank?"

ANSWER:—" No, it was not. Then, when I said on the 16th that the omission 'as a matter of fact (it) would be misleading 'to that extent,' I did not mean to say that the omission did actually mislead anybody, because I don't think it would have made any difference in the minds of any creditors if the particulars had been given in the Statement. A person would not become a creditor of the Bank unless he thought it solvent. A person would not become a creditor of the Bank which he thought insolvent, because as a creditor he would share in particular assets of the Bank."

QUESTION:—" Did the Directors who signed the Statement of 1894 know that the firms of John Munn & Co. and Baine, Johnston, & Co. were insolvent?"

ANSWER:—"Not as far as I am aware. They did not say or do anything at the Board to induce me to believe that they considered those firms to be insolvent. They acted and treated these firms as though they believed them to be solvent. The same answers are applicable to other accounts as well as to the two firms on which I was questioned by Mr. Emerson.

"After the Fire of 1892 the deposits in the Bank rapidly increased. On May 31st the deposits for various years were as follows:

1890, $1,909,322.83 1891, $1,881 696.30 1892, $2,037.915.23
1893, $2,951,214.95 1894, $2,530,799.97.

On August 31st, 1892, the deposits reached their highest point, viz:—$3,498,763.94. On the 30th of November, 1894, they reached $2,316.735.07. From August 1892 to November 1894 the amount of decrease was $1,182,028.87.

"The Government of Newfoundland owed the Bank

on 31st May, 1893	$73,484 55
and on 10th Dec. 1894	716,325 33
an increase in that time of	$642,840 78

Adding that increase of Government debt to the decrease of deposits already referred to, the amount is $1,824,869.65.

"The Union Bank invested in American Securities after the rush of deposits began after the fire of 1892, the amount of $1700,-000. As building went on and business operations generally the deposits decreased, and we resold the American Bonds bought after the fire, to the extent of $1,450,000, before the suspension of the Bank. The decrease of deposits, the increase of the Government accounts, and other things, such as the increase of the overdrafts, made realization of the American Bonds necessary. There was some loss on the sale of these securities, as shewn by a Statement that I have already put in. The depreciation was due to a general depression of business in the United States.

"Generally speaking, the current accounts of the debtors to the Bank would be in the worst condition about December. That would be due to the expense of winding up transactions with dealers, and to the fact that it would be too early for the realization of most of the products. On the other hand, the debtors to the Bank would have the largest stocks of fish and other products to go forward, and therefore, although their indebtedness might be greater, they might be in no worse position to pay up. As a matter of fact the speediest realizations would come in after December, through the shipment and sale of products. Between December and the next spring the operations of the previous summer would be realized in the markets. December was an unfortunate time for a panic to occur. I should think it as disadvantageous to the Bank as any month of the year. December and January would be much the same, that is to say, the worst of the year. In August and September all the credit for supplies given by the merchants is out; collections of fish begin in September, and continue in increasing quantities during the fall; the heaviest collections would be in November. The heaviest shipments take place after November, and the returns come in in the winter and spring.

"In order to know the condition of a customer's account in the fall, we should require to know the quantities of fish or produce he had on hand, and the fact that his account was larger at a particular season in one year than at the same season of another year does not necessarily imply that the account is poorer. Although one owed more to the Bank at the end of 1894 than at the end of 1893, the quantity of fish on hand might enable him better to pay it."

(Signed) C. S. PINSENT.

Sworn before me at St. John's, aforesaid, this 23rd day of September, A.D. 1895.

(Signed) J. G. CONROY, J.P.

The further Examination of C. S. Pinsent, taken this 24th day of September, A. D., 1895.

"I wish to explain, referring to the figures I gave yesterday respecting the liabilities of the Government of Newfoundland to the Bank on the 31st May, 1893 and on 10th December, 1894, instead of being indebted, as I said, to the Bank on the 31st May, 1893 in $73,484,55, they were in credit $112,183.49, owing to the credit balance at the Customs which I overlooked in giving that statement. On the 10th of December, 1894, the debit balance given by me as $716,325.33 should be $483,451.77, because I ought to have allowed for the credits at the Custom House. The actual increase of indebtedness in that time of $595,635.26 should be given in place of $642,840.78, as given yesterday. The discrepancy was caused on both dates by not deducting the amounts to the credit of the Customs Account. Adding the reduction in deposits to the above total, we should have $1,777,664.13 instead of $1,824,869.65 as given yesterday."

To MR. JOHNSON, *Q.C.*:—

"Mr. Goldie's salary as Manager continued till the end of June, 1894. He died on the 21st June, 1894. It was the custom of the Bank to pay its officials up to the end of the month in which their office ceased. The Commercial Bank owed the Union Bank at the time of its failure, not including dishonoured exchange, $59,273.68."

QUESTION:—"What was the amount of dishonoured exchange?"

ANSWER:—"$102,240.00."

QUESTION:—"About what amount did the Union Bank lose on the Bonds sold in order to meet the Savings Bank requirements after the 10th December, 1894?

ANSWER:—"By Savings Bank $10,782.03, by Receiver-General $29,536.63. These four amounts added together making $201,832.34 were entirely consequent upon the crash.

"Referring to the Minute-Book I find the last meeting of the Board attended by Mr. Harvey in 1891 was 9th December 1891. The first in 1892 was the 14th of March. The last in May 1892, was the 30th of May. The first in September of that year was the 12th of September. After August, 1893, the first meeting Mr. Harvey attended was the 4th of September; he next attended on the 11th of September, 1893, again on the 14th of September, 1893, again on the 18th and 21st of September, 1893. After the 21st of September, 1893, there was an absence until the 9th of November, 1893. It was on the 5th of October, 1893, that Mr. Goldie notified his resignation. The

Directors received their fees semi-annually, in June and December, usually. They would be calculated to the end of May and end of November. The whole sum allotted for the Directors for the half-year beginning June 1st and ending November 30th, 1894, was received by the Directors, except two sums to two Directors which were not paid at the crash, and which we now hold in the Bank's notes. These latter two directors were Mr. Grieve and Mr. Munn. Including the amounts now held by us for these two Directors, the whole sum allotted for Directors' fees for the half-year ending on the 30th of November has been divided between Sir Robert Thorburn and Messrs. Grieve, Munn and Donnelly.

"Mr. Goldie in his time as Manager and I in mine usually managed the sale and purchase of Exchange. The rates did not vary. The Board was not usually consulted in the sale and purchase of Exchange, except so far as fixing the limits of the amount that should be bought from a single firm. Of late years, since 1891, that has been the practice. We, the Managers, have not been in the habit of consulting the Board as to the purchase and sale of Exchange generally.

"Referring to my statement on re-examination that the overdrafts on the current accounts of the large exporting houses, at all events, such as Baine, Johnston, & Co. and Thorburn & Tessier, continued from time to time to increase, I am referred to the evidence of Mr. Crowdy, given August 1st, 1895, and there find the overdrawn account of Munn & Co. on 31st May 1892, to be ... $75,099 84
on 31st May 1893, to be 70,404 93
and on the same date 1894 .... 74,611 79

Comparing Thorburn & Tessier's on same dates:
31st May, 1892 .... $359,359 75
31st May, 1893..... 357,890 62
31st May, 1894..... 359,099 15

In both these accounts on these particular dates the indebtedness on current accounts were smaller in 1893 and 1894 than in 1892. That has reference to Current Accounts only. I said at the same time, 'I don't think the Exchange Accounts increased much during my 'time.' As between the 31st of May, 1892, and the 31st of May, 1893, Baine, Johnston, & Co.'s current account decreased by $7,802.27."

(Signed) C. S. PINSENT.

Sworn before me at St. John's, aforesaid this 24th day of September, A.D. 1895.

(Signed) J. G. CONROY, J.P.

The further Examination of CHARLES S. PINSENT, taken upon oath this 25th day of September, A.D. 1895.

To MR. MORINE, *L.L.B.*:—

QUESTION:—"Can you produce the balance-sheet referred to in the letter signed Baine & Johnston, dated 7th May, 1894?"

ANSWER:—"I cannot find it. I have searched among the papers of the Bank for it. I have taken a good deal of trouble to find it, but

have not succeeded yet. There was such a balance sheet, it came in Mr. Goldie's time. I am certain it was laid before the Board. Baine, Johnston, & Co. had two steamers at the seal-fishery in the spring of 1894, and they did well. These were the "Hope" and the "Panther." The seal-fishery was over in 1894 before the Annual Meeting of 1894. The balance-sheet was that of Baine, Johnston, & Co., but sent out by Baine & Johnston. I cannot say if that were a balance-sheet of business carried on by Baine, Johnston, & Co., as separate from the business of Baine & Johnston, not being sufficiently acquainted with their respective business. Mr. Walter Baine Grieve was the Manager of Baine, Johnston, & Co.'s business here. I am not aware whether these two firms kept two distinct sets of books and made distinct balance-sheets."

(Signed,) C. S. PINSENT.

Sworn before me at St. John's, aforesaid, this 25th day of September, A.D. 1895.

(Signed) J. G. CONROY, J.P.

The Examination of WILLIAM H. WATSON, of St. John's, Bank Clerk, taken upon oath, who says:—

"I was an official of the Union Bank last December. I was Receiving Teller when it closed. I have been in the Bank twelve or thirteen years. There were meetings of the shareholders held since the closing of the Bank. They were held in the British Hall, St. John's. The first meeting was held on the 31st of December, 1894. I was present at the meetings, and was appointed and acted as Secretary at all those meetings. The Directors of the Union Bank were present, Messrs. Thorburn, Donnelly, Grieve and Harvey, now present. I took a note of what transpired at those meetings. There were remarks made by some of the Directors, now present, at those meetings.

"At the meeting of the 31st December, 1894, I made minutes of the remarks of those Directors. Mr. Harvey at that meeting rose and made a personal explanation."

(Mr. Morine objects to the witness being examined from the Minutes if it is the intention of the Crown to offer them later on.)

"I took notes of that personal explanation. Some question has been raised as to Mr. Harvey's position as a Director or otherwise, and he rose, and in the course of his remarks alluded to a correspondence that passed between him and Mr. Goldie as Manager; and in that correspondence, which he read, he had expressed a desire to resign his position as Director. The letters were not handed in to me as Secretary; as far as I know, Mr. Harvey kept the correspondence. I believe that I recorded the dates of the correspondence. I think the original notes are destroyed; they were taken very rapidly, to get as much as possible what was said, and I rewrote them as soon thereafter as possible. I had abbreviated the words in my first notes, and they would be hardly intelligible to a third party. The only original notes I have are those of the last meeting. My first work in the morning after each meeting was to copy my notes in proper English, not to lose track of what had been said. I have the notes which I thus extended next morning."

(Mr. Morine objects to the witness refreshing his memory from these extended notes.)

"These notes are a copy, in a legible hand, of the original, which were written very hurriedly.

"The first letter read by Mr. Harvey was dated 10th August, 1891." (Mr. Watson reads 'C. S. P. 29', and says):—"I have no doubt that is the letter. Mr. Harvey read Mr. Goldie's reply. I have no note of the date of that reply. He also read a copy of a letter dated 13th June, 1894, from Mr. Outerbridge, his partner.

"He said he was surprised to see on his return from abroad that he had been re-elected. He further said that it had been stated that he should have at once defined his position: but that it would have meant the going round to individual shareholders, and would moreover be a grave reflection upon those with whom he had been associated for so long, and whom he regarded so highly. These, I believe, were pretty much Mr. Harvey's words. I can't find that he made any further remarks at that meeting.

"The next meeting was on January 15th, 1895. I was Secretary at that meeting also, and took notes of the proceedings. The four Directors already named were at that meeting, to the best of my knowledge. The copy that I now have in my hand was made in the same way as that of the notes of the first meeting. Possibly the copy was made the same night as the notes were taken at the meeting,—possibly the next morning. It was made while the proceedings were fresh in my mind. I did not take a note of those who were present, but I believe that all the four Directors were present at all the meetings, perhaps all the time, but certainly at some part of them."

QUESTION:—"Did Mr. Harvey make any remark at that meeting?"

ANSWER:—"He did."

(Mr. Morine objects to Mr. Harvey's remarks being received to bind his clients.)

"There was a motion made to have certain statements published; Mr. Harvey rose and deprecated strongly such action being taken. That is all that he said at that meeting.

"At the meeting of the 17th January Mr. Harvey asked a question of the Bank Manager, if certain Bonds had ever been legally transferred. He said nothing more at that meeting. I have the original minutes of the next meeting. I cannot find that Mr. Harvey spoke at that meeting at all.

"Referring back to my minutes of the first meeting, I find that Mr. Harvey said that he assisted in getting up the Annual Statement for 1894, which he believed to be correct. I find a remark of his at that meeting which I overlooked when referring to his remarks about the correspondence that he read.

"After reading his letter of resignation to Mr. Goldie of 10th August, 1891, he said that his resignation had never been withdrawn: that he always wished to resign; he was absent from the Colony at the time of the Annual Meeting of 1892, and allowed himself to be re-elected in 1893 only at the urgent written request of Mr. Goldie."

QUESTION:—"At that same meeting of Dec. 31st, 1894, had Mr. Grieve anything to say?"

ANSWER:—"Mr. Grieve rose immediately after Mr. Harvey had spoken; he began by saying that all that Mr. Harvey had said was true, but was not all the truth. I believe he read a letter from Mr. Harvey to Sir Robert Thorburn. I don't know the date." (Witness is handed 'C. S. P. 18.') "That I believe is the letter; but Mr. Grieve said the Directors did not look upon it as a definite resignation; that to get at the causes which led to the present state of things they must go back not three, but twenty-four years."

(Mr. Johnson, Q. C., objects to any statement of Mr. Grieve's being taken as evidence against Mr. Harvey, though the latter were

present. Hon. Mr. Morris objects also, on the part of Sir R. Thorburn.)

"Mr. Grieve said he believed both Banks then took a wrong course. He placed himself upon record twenty years ago as opposed it, and had at various times since protested against it. 1891 was too late for Mr. Harvey or any member of the Board to resign. In reply to a question as to whether he himself were heavily indebted to the Bank, he replied that if he was it was because the Board had agreed to allow it. The words I have in my notes were 'Perhaps so; Directors allowed it.' These words are but the skeleton of his answer, and as far as my memory serves me I have correctly reported him in my last sentence. I remember he said, 'We are all in the soup!' That was after he said 1891 was too late for Mr. Harvey or any member of the Board to resign.

"At the meeting of January 15th, 1895, there were questions addressed to the Manager as to whether certain property had been mortgaged to the Bank, the deeds of which were not registered. Mr. Grieve, after the Manager had answered those questions, stated that the Bank had asked him for some cover for his account; that certain deeds had been prepared in January in Scotland, sent out here in March; that he came out himself in June; that in October they found another deed to be necessary, which was prepared, but the registration of which he had asked the Board to defer until the middle of December, as the registration of it would seriously interfere with the realization of the season's voyage.

"He said that he had decided to go into liquidation at the time named, the middle of December. The words I have here are 'he had arranged to have the registration done in December,' and I have it on record that he had made up his mind to go into liquidation at the time named.

"There were statements submitted to the shareholders, signed by three of the Directors, and read at the meeting of the 15th January,—two statements. They are in the handwriting of Mr. Pinsent, Manager, and signed by Mr. Grieve, Mr. Donnelly, and Sir Robert Thorburn. They purport to be, the first one ('W. W. W. 1.') a General Statement of the affairs of the Union Bank of Newfoundland on 31st December, 1894; and the second one, headed in the same words, with the addition of the words, 'after approximate adjustment of Exchange 'Accounts,' ('W. W. W. 2.')."

(Signed) W. W. WATSON.

Sworn before me at St. John's, aforesaid, this 26th day of September, A.D. 1895.

(Signed) J. G. CONROY, J.P.

The Examination of WILLIAM W. WATSON, resumed this 27th day of September, A.D. 1895.

To MR. MORINE, *L.L.B.*:—

"There was considerable excitement over the Bank affairs at the

time of those meetings to which I have referred. I can't say that there was any excitement displayed at the meetings. There was considerable discussion. Some of the speakers displayed excitement at the meetings. At the opening of the first meeting the Chairman intimated that the meeting was called for the purpose of electing a provisional Board of Directors. I think the statements put in yesterday were submitted at the second meeting, January 15th, 1895. In fact they were submitted then. They are in the handwriting of the Manager, Mr. Pinsent. I believe they were compiled from the books of the Bank. They were prepared, as far as I know, by the officers of the Bank. I presume Statement 1, ("W.W.W. 1.") is a copy of the usual monthly balance sheet.

"Sir Robert Thorburn read those Statements to the meeting. I am not sure whether they were signed immediately before or immediately after the reading. They were signed at the meeting. I believe they were not signed when they were first proposed or submitted to the meeting. I believe they were signed at the meeting, on a demand that they should be signed.

"The words used by Mr. Grieve were 'We are all in the soup,' used in the present tense. That was at the first meeting, the December meeting. These words were used after he had been referring to Mr. Harvey's action in 1891. I took him to refer to the condition of affairs obtaining at the time the speaker was using the words. I took them to be used figuratively. I thought they conveyed the meaning that all the Directors were in the same boat at the time the speaker was speaking. The accent was upon the word 'all' as far as I remember it. The tenor of Mr. Grieve's remarks right through was that there was equal responsibility upon all the Directors and that they should stand or fall together. The words 'equal responsibility' in my answer may appear to convey more than Mr. Grieve seemed to intend. His sole meaning seemed to me to be that no director could be allowed to resign at the time that Mr. Harvey tendered his resignation. I understood Mr. Grieve to mean by saying 'we are all in the soup,' that they were all in the same position at that time, that is, in their capacity as Directors. The Commercial Bank had suspended at that time, and the Union Bank also. With the leading firms at that time insolvency was imminent. There was a general financial panic at that time in the Colony.

"In reference to the Mortgage which had been prepared and not registered, Mr. Grieve, at the meeting of the 15th January, 1895, said that he arranged to have it registered in December, when he had made up his mind to go into liquidation, meaning, as I understood, that he had made up his mind to go into liquidation in December. He did not say that he had communicated that decision to anybody. He did not intimate, that I understood, that there was any understanding to that effect with the Board of Directors. He did not intimate the time at which he had come to that decision. He used no qualification or amplification of the world 'liquidation,' which is the word I have on my notes, and which I believe he used."

To MR. JOHNSON, *Q.C.*:—

"As Secretary of the meeting, I took the notes with the idea of having a record to which I could refer in the event of questions being asked in subsequent meetings. I don't profess that my notes are a

verbatim report, except that the words I have in my notes are the words that were used in most cases. In most cases the words exact, in all other respects my notes represent the meaning of the speakers as I understood them. Yesterday I said that some of the speakers spoke very rapidly, and that I did not take all that they said,—but I took the purport of what they said, accurately, I think. I sat at a table at the upper end of the Hall,—at it were sitting Messrs. Thorburn, Grieve and Donnelly, also Mr. Pinsent, the Manager. Mr. Harvey sat, I think, on the first rank of seats in the Hall, that is, the rank nearest to me. I am speaking of the first meeting. I have a recollection of his standing and reading the letters in that place, near my right hand. I can't say where his seat was at that meeting. He did not sit at the table with the Directors and Manager. There were some few discussions and considerable talking, and such noise as would arise from detached knots of speakers and members of the audience whispering to one another. There were no interruptions to speakers addressing the meeting, or any difficulty in hearing such speakers."

(Mr. Watson is referred to "C.S.P. 18.") "It is a letter written in New York by Mr. Harvey, in which he says to Sir R. Thorburn, 'I regret to learn that you did not acquaint the meeting of my intention' (to refuse re-election) 'and that I was re-elected.' It is possible that he may have said he was surprised to learn of his re-election, and not that he learnt that on his return to Newfoundland, as my language yesterday implied when referring to his speech."

To Hon. Mr. Morris:—

"On the 16th January, 1895, Sir Robert Thorburn referred to the condition of his own firm. It was after the presentation of the report drawn up by the Shareholders' Committee.

"He said there were two sides to the story. He had some capital when Thorburn & Tessier started in the business, he had some shares in the Sealing Steamers; that they had been made over to the Bank, and they were good assets. He claimed that his account was an exception to the rest, referring, as I took it, to the accounts of the other Directors; they all knew the late Walter Grieve had plenty of capital, but he lost all, and when he died, he, Sir Robert had only the bones to pick. The Bank, at Mr. W. Grieve's death, stood to lose a considerable sum; that he, Sir Robert, did his best to realize the assets of the firm; that he got Mr. James Tessier to come in; and he, Sir Robert, took the burden on his own shoulders, thus relieving the Bank. He admitted that his overdraft was large, but he claimed to have more to set off against it than any other firm. His Exchange had always been drawn on a Bank, and not 'pig on 'pork.' It was certainly not correct to say that he had no capital. Some comment had been made upon his having submitted statements of his affairs differing one from the other; on the day after the crash he had been asked to make a Statement to the Bank, but circumstances had since occurred compelling him to make an alteration; he had been thirty-three years dealing with the Union Bank, with an annual turnover of $500,000; he had paid large interest charges, which had helped to make the large dividends declared; He had not one dollar stowed away, and could look anyone in the face, and had never caused loss to anyone intentionally; he had been chained like a horse in a

cart between fishermen and middlemen. It was well enough for the latter to accuse him and others, but out of his trade they had made theirs. He concluded by expressing the hope that he had shewn them there were two sides to the question."

(Signed) W. W. WATSON.

Sworn before me at St. John's, aforesaid, this 27th day of September, A.D. 1895.

(Signed) J. G. CONROY, J.P.

The Examination of JAMES GORDON, of Saint John's, Merchant, taken upon oath, who says:—

"On the 17th June, 1893, and previous to that date, I was a shareholder in the Union Bank. I have been a shareholder since 1875. I was a customer of the Bank besides. I had a current account there, and also had money there on deposit. I continued to be a shareholder until the 10th of December, 1894. I had fifteen shares on the 17th of June, 1893, and I purchased forty shares on April 9th, 1894. From June, 1893, until December, 1894, I continued to be a shareholder and to be a customer, having money on deposit and on account current.

"I was present at the Annual Meeting of 1893, when the Annual Statement and the Report were read by Mr. Goldie, the Manager, in the presence of Sir Robert Thorburn, in the Chair, and some other Directors. I have already identified, and I now identify, the paper exhibit "B, W.H.C. 2" as the Annual Report and Statement of Affairs of the Union Bank for the year ending 31st May, 1893.

"I have laid an information in this case, making certain charges against the late Directors of the Bank. I complained that this was a false and fraudulent statement, made with intent to mislead the shareholders. I was deceived by that Statement. That Statement misrepresents the true state of affairs of the Bank. I perused it, and on reading it I came to the conclusion that the affairs of the Bank were in a healthy condition, when it was not in a healthy condition, as the Statement was not a true statement of its affairs at that time. In the item of 'assets' we have 'balances due by Banks, and funds 'available in 15 days, $2,171 070.12.' That item is incorrect, inasmuch as $250,000 of these assets were New York City Bonds, which were not held by the Bank, and were not available for the general creditors of the Bank at that time.

"Referring back to the Report attached to the Annual Statement, the Report says that the profits of the year were $31,216.20, after making full provision for all bad and doubtful debts. On hearing the Report read, and on reading it myself, I believed that all bad debts had been written off, and provision made for all doubtful debts. In 1893, when that Statement was made, it was not true that all the Assets in the Statement were available within fifteen days, and the two hundred and fifty thousand dollars already referred to were not available at all to general creditors.

"I am one of the Receivers and Liquidators appointed by Statute for the realization and distribution of the Assets of the Bank. It is untrue and false that full provision was made for all bad and doubtful debts; if such provision had been made, no dividends could have

been declared. The Directors' debts were all brought forward as good in full, no provision being made for any loss that might arise. There were other debts besides the Directors' brought forward as good which were very doubtful, and some bad, at that time. I have discovered from the books of the Bank and other sources of information that in June, 1893, some of the Directors' accounts were bad and doubtful. Mr. Donnelly's account was bad; no interest had been charged to it since the 1st of January, 1891, and only 4 per cent per annum for six years previous had been charged. His account is brought forward in the books as a good asset. Mr. Donnelly is not solvent, he has assigned for the benefit of his creditors.

"I put in a Minute of a meeting of the Board of Directors, held on the 2nd of May, 1892, 'J. G. 1.'"

(Mr. Morine objects. It is already in evidence.)

QUESTION:—"Was the limit to Current Account by that Minute in Munn's case exceeded?" (Question objected to.)

ANSWER:—"The amount has been exceeded."

QUESTION:—"What was the nature of Munn's business with C. T. Bennett of Bristol in reference to Exchange passing through the Union Bank?"

(Question objected to by Mr. Morine, 1st, Because these dealings are not shewn to be known to the Directors.)

ANSWER:—"My knowledge of the nature of that business is from the books of the Bank."

(Second objection, is that this is secondary evidence, the primary being available.)

ANSWER:—"Messrs. John Munn & Co., drew upon C. T. Bennett of Bristol. The drafts came to the Union Bank, and were used by them. The drafts of the Union Bank were sent to Bennett to retire the drafts."

(Signed) JAMES GORDON.

Sworn before me at St. John's, aforesaid, this 30th day of September, A.D. 1895.

(Signed) J. G. CONROY, J.P.

The further examination of James Gordon, taken upon oath this 1st day of October, A. D. 1895.

"In reference to the Exchange passing between Munn & Co. and C. T. Bennett, I have had extracts made from the Bank books, which I have compared with the books, and find to be correct, from June 1892 to 31st May, 1893." ('They are put in and marked 'J. G. 1.')

"They are an account from the books of Exchange passing between Munn and Bennett through the Union Bank, being one year's transactions contained in two years' books. They are marked (a) and (b). The paper (c) is Exchange sent by request of Munn & Co. to C. T. Bennett of Bristol. Attached to the paper (c) is the request of Munn & Co. (c1), (c2), (c3), and also the receipts from C. T. Bennett, (c)"

QUESTION:—"What was that Exchange sent to C. T. Bennett for?"

(Question objected to by Mr. Morine. "I object to this evidence because Mr. Gordon has sworn that he has no personal knowledge of the matters referred to; and if he speaks from the documents that are in he can only cite the documents themselves, and not give his deductions from those documents.")

ANSWER:—"That was sent as accommodation Exchange by John Munn & Co. to C. T. Bennett, through the Bank. The extract of the Minute which I put in yesterday, ('C. S. P. 8'), is my authority for that statement. An 'accommodation exchange' is Exchange passing from one person to another without products passing between them, that is, without value received on either side. These Exchanges were sent by the Union Bank to the credit of John Munn & Co. to Bennett's account. I will produce the letter-book of the Bank.

"The affairs of the firm of John Munn & Co. are in a state of insolvency. The firm is in liquidation. The liquidators or trustees have already paid 25 cents on the dollar."

QUESTION:—"As a Liquidator of the Union Bank, what value do you put on the Estate,—what do you expect to get?"

(Mr. Morine objects that this would be an opinion only. Objection allowed.)

"The account of John Munn & Co. was brought forward in its entirety in 1893 and 1894 as a good asset, nothing being written off as doubtful account. It was valued to the full by the Bank."

QUESTION:—"Was that bringing forward of that account as a good asset in 1893 a true statement of the affairs of the Bank?"

(Objected to by Mr. Morine as involving a question of opinion, John Munn & Co.'s standing being a matter of fact.)

ANSWER:—"It was not a correct Statement of the affairs of the Bank."

"I am one of the Trustees of Thorburn & Tessier. That firm has been declared insolvent and is now being wound up under the Trustees. I have examined the books of that firm, and in reference to their dealings with the Union Bank. In 1893 that firm owed a large sum of money to the Union Bank. The Bank had partial security, 167 shares in the Sealing and Whaling Company, put in at the request of the Union Bank. I have obtained that information from personal knowledge. The source of my information is documents in the possession of the Bank Liquidators. The Bank holds 167 shares as cover for Sir Robert Thorburn. In 1893 the Bank had that security, but it was not regularly in the books of the Newfoundland Sealing and Whaling Company until after the liquidation of the Bank. In 1894 the indebtedness had increased.

"The firm started in 1888 with a Proprietors' Capital of $36,000 paid in by Mr. Tessier, and $36,000 was found by the Bank for Sir Robert Thorburn, and charged to his private account, making a capital of $72,000 to start the firm. It was a very small capital for the business they were doing lately. It was impossible to do their business with that capital without outside aid. Thorburn & Tessier transacted their Exchange by drawing on the Merchants' Banking Co., London, hypothecating the Bills of Lading to that Bank. The Union Bank had no security whatever for the current account except the 167 shares referred to."

QUESTION:—"Was the account of Thorburn & Tessier with the Union Bank a good one?"

(Mr. MORINE objects, as the answer would only be a matter of opinion; if based on figures they should be produced.)

ANSWER:—" The account was a very doubtful account."

QUESTION:—" From the amount of Capital of the firm and the amount of business they were doing, and the amount they owed the Union Bank in 1893, was their account at that time doubtful?"

(Mr. Morine objects.

That a fact is assumed that is not proven, viz.:—

(1.) the amount of business done,

(2.) That it is a matter of opinion,

(3.) That it is not a subject upon which expert evidence is admissible, and

(4.) That it is not shewn that Mr. Gordon is an expert.)

ANSWER:—" It was a doubtful, dangerous account from the start, and in 1893 was a very doubtful account, and should have been provided for by the Contingent Account, and partially written off as a matter of safety, doing such large business with the Bank. The Estate of Thorburn & Tessier is insolvent, and will not pay 100 cents in the dollar."

(Signed) JAMES GORDON.

Sworn before me at St. John's, aforesaid, this 1st day of October A.D. 1895.

(Signed) J. G. CONROY, J.P.

The Examination of JAMES GORDON resumed, this 2nd day of October, A.D. 1895.

" Sir Robert Thorburn had a meeting of his creditors in the Commercial Rooms, at which I was present. I was not at the first meeting, but I was appointed at that meeting one of the Trustees. Sir Robert Thorburn told me that the Estate of Thorburn & Tessier would pay fifty cents in the dollar. He offered me, as one of the Trustees and Liquidators of the Bank, fifty cents in the dollar for their indebtedness, and shewed me that he could pay fifty cents in two years. He shewed me the memorandums in which he made up how he could pay this fifty cents in two years. The books of Thorburn & Tessier are here, shewing the Proprietors' Capital, the Profit and Loss, Assets and Liabilities of the firm.

" Baine, Johnston, & Co.'s Account was brought forward as a good asset in 1893, without any amount being charged to Profit & Loss or carried to a Contingent Account to meet bad or doubtful debts."

QUESTION:—" Was that account in 1893 a good, bad, or doubtful Account?"

(Question objected to. Mr. Morine objects unless the witness speaks from his personal knowledge at that time; if he speaks from sources of knowledge, such as books of accounts, he must produce the accounts, and not his deductions from them. Same objection from other counsel for Defence.)

" I came to the country in 1857, and have been engaged in the business of the country ever since. I have been an Accountant for twenty-eight years, and am acquainted with the general business of the country. I had six years' experience in the office of J. & W. Stewart, and kept the books of James Baird (in whose business I am

a partner) for 18 years. In my experience I have a general knowledge of the trade of the country, acquired in that time,—of book debts, fishery debts, and anything pertaining to the trade of the Colony. I have seen the accounts of Baine, Johnston, & Co. in the Union Bank, also a statement of affairs submitted by Mr. Grieve the Director shewing his Assets and Liabilities."

QUESTION:—'From these, what was the condition of Baine, Johnston, & Co's account in 1893; was it good, doubtful, or bad?"

(Question objected to as indicating a better source of information, which must itself be produced.)

ANSWER:—"The Statement shewn me was a Balance Sheet sent out from Greenock, which has been mislaid, and cannot be found in the Bank.

"I have examined the account of Baine, Johnston, & Co. with the Union Bank."

QUESTION:—"And from your examination of that account, will you say whether in 1893 it was a good, doubtful, or bad account?"

(Objected to, (1.) As a question of the opinion of the witness, based on facts which should be produced. (2). If tendered as expert evidence, the opinion of an expert is to be taken upon facts already in evidence.

"The state of the Account of Baine, Johnston & Co. on the 31st of May, 1893, shewed a debit of $183,845.45, and on Seal Oil acct. $28,000.67, and on Exchange Account, $120,000."

(The following answer is taken subject to the preceding objection:—)

ANSWER:—"Baine, Johnston & Co.'s account was a bad and doubtful debt.

"The Bank had at that date no security whatever. Mr. Grieve stated in my presence in the British Hall that they were waiting for a favourable opportunity to go into liquidation. The Bank had not then, and has not now, any security from Baine, Johnston, & Co."

(The answer is objected to on the ground that it must be from information since received.)

(Witness is referred to 'C. S. P. 11,' and is asked to read the last paragraph on page 3.

It is objected that this should not be read, as the letter speaks for itself, and one part of it only is asked for.)

QUESTION:—"Was security asked for by the Bank?"

ANSWER:—"To the best of my knowledge, security was asked for. That security was demanded in writing, by letter dated 18th May 1894,('C. S. P. 15')—I wish to correct that statement, the letter of demand that I refer to is 10th April, 1894, ('C. S. P. 14'.)"

(Mr. Morine objects to the reception of this letter, as not shewn to have been sent or received with the knowledge of either of his clients, Mr. Grieve and Mr. Donnelly; and in the absence of any proof of their knowledge the letter being only the unsworn testimony of a person not a witness.)

QUESTION:—"Did Mr. Baine Grieve ever state in your hearing that he had offered security to the Bank?"

ANSWER:—"At the meeting in the British Hall he said there was a mortgage given the Bank that was not registered at his request. He said it was on the freehold property belonging to the firm on the north and south sides of St. John's.

"The firm of Baine, Johnston, Co. is insolvent here and in Scotland, and in the hands of Trustees. I was at a meeting of the Creditors when Mr. Baine Grieve made a proposition of forty cents in the dollar. That meeting was held in the Commercial Rooms in February or March of this year."

QUESTION:—"Was it a true statement of the affairs of the Union Bank to bring forward the account of Baine, Johnston, & Co. in full, without provision being made for it in Contingent or other account?"

(Question objected to as opinion evidence.)

ANSWER:—"It was a false and fraudulent statement of the affairs of the Bank. I was deceived by the Statement, inasmuch as I invested more money in the stock of the Bank on the strength of that Statement. It was a false and fraudulent Statement to bring forward Baine, Johnston, & Co.'s account as a good asset. I bought further stock subsequent to that statement, and lost as a customer and a depositor."

(Signed) JAMES GORDON.

Sworn before me at St. John's, aforesaid, this 2nd day of October, A.D. 1895.

(Signed) J. G. CONROY, J.P.

The further examination of James Gordon, resumed this 3rd day of October, A. D. 1895.

"In November, 1893, the Bank declared a dividend."

QUESTION:—"Had the Bank from its net earnings for the preceding year earned that dividend?"

ANSWER:—"In November, 189[illegible] the books would not shew, as far as I have seen, the profits earned for the six months preceding. Bad and doubtful debts would be written off at the end of the financial year. The Directors' accounts in 1893 were brought forward in their entirety, and interest charged upon them, except in Mr. Donnelly's case."

(In answer to a question objected to by counsel for the defence.) "That interest—the interest on these accounts—was part of the fund out of which the Dividend was paid in November, 1893.

"My information was not personal—it is from the books of the Bank. I was paid my dividend in November, 1893—it was paid to my account."

QUESTION:—"In 1893 General Account, Annual Statement, there is the statement in the assets, 'Bills Discounted, Loans, &c.' Does that amount contain the overdrawn accounts of all the customers of the Bank?"

ANSWER:—"It does.

"The Bank keeps a book called the Monthly Balance-Sheet Book, which shews the assets of the Bank at the end of each month In that Monthly Balance-Sheet Book overdrawn accounts are shewn in a separate item from Bills Discounted. I here produce a copy of the Balance-Sheet, (Monthly,) for 31st May, 1893, 'J. G. 4.'

'I was present at the Annual Meeting of the Shareholders in 1894, and heard the Report and Statement read. This paper put,

into my hands is that Report and that Statement, 'W. H. C. 8.' and 'W. H. C. 7½.' Turning to Item 3 of the Assets, 'Bills Discounted, 'Loans, &c.', that includes the Directors' Current Accounts. These Directors' Accounts in 1894 were brought forward in their entirety. There was no provision for bad and doubtful accounts in that period."

QUESTION:—"Was the Directors' liability at that period greater or less than at any previous period? Or in other words, what was the amount of their liability in 1893 and 1894 respectively? In 1893?"

ANSWER:—"The four Directors' liabilities, or those of their firms, increased, on overdrawn account only, from 31st May, 1893, to 31st May, 1894, $87,013.36, being in 1893, $697,819.21, and in 1894 $784,832.57. These four were those of Baine, Johnston, & Co., Thorburn & Tessier, John Mann & Co., and W. J. S. Donnelly. On the Current Account for 1893 Harvey & Co. owed the Bank $42,180.66, without reference to their interest in the Furniture & Moulding Co. In 1894 the same firm owed an overdrawn account of $67,451.76.

"Interest was charged on these accounts and brought forward to form part of the assets of the Bank on the 31st May, 1894. At these dates there were to the credit of Harvey and Outerbridge's Account respectively in 1893 and 1894,—In 1893, $10,692.00, and in 1894 $18,733.53. Adding Mr. Harvey's, the total increase on the current accounts of Directors from 1893 to 1894 is $104,242.93. The Harvey & Outerbridge credits have been deducted in arriving at that total.

"The Bank, for the half-year ending 31st May, 1894, declared a dividend of 6 per cent. and $3 per share Bonus."

QUESTION:—"Did the interest on these Directors' Accounts form part of the fund out of which the Dividend and Bonus were paid?"

ANSWER:—"Yes it did.

"I was deceived by that Statement. I continued a customer in 1894, and left money on deposit. I have lost the share-money, that's totally gone." (Objected to.) "I have lost a large sum of money by the Bank. In 1893 and 1894 I was not aware of the true state of the Bank, either in May, 1893, or in May, 1894."

(Signed) JAMES GORDON.

Sworn before me at St. John's, aforesaid, this 3rd day of October, A.D. 1895.

(Signed) J. G. CONROY, J.P.

The Cross-examination of JAMES GORDON, taken upon oath, who says:—

To MR. MORINE, *L.L.B.*:—

"I have been a shareholder in the Bank since 1875. On May 31st, 1893, I owned fifteen shares. The Annual Meeting was held in June, 1893. I purchased the forty additional shares in April, 1894. I purchased them from James Baird. He is a partner of mine in business. I paid $215 a share. Mr. Baird sold me these shares be-

cause he wanted to pay me an amount, and he chose that way of paying and I accepted it.

"Before 1893 I had not made purchases for some years, but when I first purchased the face value was $200 a share. The shares were increased in value by an addition from the Reserve of fifty per cent. so that a $200 share was increased in value to $300. Then three $100 shares were given for one $200. The holder of one $200 share in 1882, when I purchased, became the holder of three $100 shares. I don't know the highest price attained by the $100 share afterwards. I think the value of $100 shares went up to $200, but I had no transactions in them. I sold no shares in 1894. I did not buy any after the forty referred to

"The Liquidators of the Union Bank are John T. Gillard, James R. Knight, James Ryan, James D. Ryan, and myself. The Bank was declared insolvent, not by the Court after examination into its affairs, but by the Legislature."

QUESTION:—"Prior to the enactment of the Legislature, as the result of investigation into the Bank's affairs, was there any finding, report, or declaration, that the Bank was insolvent?"

ANSWER:—"I am not aware of any.

"James Baird does business in Saint John's—general business, the business of the country, cash, fish and oil and lobsters, buying and selling, shipowning. That would include supplying for the fishery. Our business has been much the same as Thorburn & Co's, but on a smaller scale. James Ryan does business in Bonavista and King's Cove. Baine, Johnston & Co. had, I believe, a business in Bonavista, but I never had any business with the Bonavista branch, and I have no knowledge of what business the branch did. I don't know if it was considerable or otherwise. I do not know if James Ryan and Baine, Johnston, & Co. did the principal part of the business at Bonavista. I don't know particularly to what extent Thorburn & Tessier did business in Bonavista Bay. Broad Cove, Keils, Tickle Cove, Redcliff Island, Open Hall, Plate Cove, are within ten miles, the farthest of them, from King's Cove. I believe that James Ryan & Co. of King's Cove have the only large business in that neighbourhood. Thorburn & Tessier supplied largely to the locality just named. On the South side of Bonavista Bay, from Cape Bonavista to Salvage, there's no large house doing business except James Ryan. I think that (exclusive of James Ryan), Baine, Johnston, & Co. and Thorburn & Tessier had most of the dealers on that side of the Bay.

"I have said that Sir Robert Thorburn had offered 50 cents. The Trustees of Thorburn & Tessier are J. T. Gillard, Joseph Outerbridge, and myself. I don't remember if there was correspondence by letter between Sir Robert and the Liquidators on the subject of a compromise. I think there was and I will produce it. There were conversations about it with myself. Mr. James D. Ryan, one of the Liquidators, brought up the subject of a compromise of Thorburn & Tessier at a regular meeting of the Liquidators. It was a suggestion that Mr. Ryan said had been made to him for a compromise on terms which I don't remember. I don't remember the rate, it did not come as a formal offer. I won't swear that 65 cents was not mentioned. He did not bring an offer. It was in the Bank parlour, at a meeting of the Liquidators. As a Trustee of Thorburn & Tessier I did not pursue the matter any further.

"The Liquidators did not accept the offer of fifty cents. Prior to Sir Robert's offer of fifty cents there was not an offer of sixty cents by him, to my recollection. I was not at the first meeting of Thorburn & Tessier's creditors; I was at the second, when the Trustees brought in a verbal report. The Trustees also brought in an abstract of the affairs in writing, but the Report was verbal. At that meeting Mr. Robert H. Prowse was Chairman. I remember at that meeting Sir Robert offered fifty cents to the Bank. I don't remember that he offered sixty cents—he may have. We have gone on since to realize the assets of Thorburn & Tessier. We have realized the bulk of the assets. There were three parts of the *Stella* sold; she is 22 years old, and out of class,—221 tons, I think; Captain Nesbitt, who owned one-fourth of her before, purchased her. Nesbitt now owns one-third, the other two-thirds are owned by four different parties, James Baird, Hugh Baird, David Baird, and myself. She was sold to Nesbitt by private sale, for $2000 for three-quarters of her. Captain Nesbitt has a larger interest in her now. He bought her after her arrival from Barbadoes, end of May or beginning of June this year. The Bill of Sale was made to him then, and since that, Bills of Sale from him to me and the others within a fortnight. She is now on her way to Oporto with a cargo from James Baird. The Schooner *Two Brothers*, belonging to Thorburn & Tessier's Estate, was purchased by James Baird, aforesaid, for James Fleming of Lamaline, who now sails her. James Baird bought a good deal of the other material of the insolvent firm of Thorburn & Tessier, and paid the market price for it.

"I remember Mr. Butler, Thorburn & Tessier's Storekeeper, making an offer of fifty dollars for a lot of hoops in the upper store. I don't know the quantity. A cent a bundle for hoops would be a small price. There would be at least twenty hoops in a bundle. It would be a small price, but there have been bargains going lately. I took no notice of the hoops in question. I don't know what James Baird paid for them. I know he agreed to pay fifty dollars for a quantity of hoops in the upper loft of Thorburn & Tessier. The price would be so small on account of the utter collapse of business, that these things would be an utter drug on the market. For some things a realization of any kind would be a godsend. Vessel property was sold very cheap. The craft belonging to the insolvent firms sold very cheap. I have not information enough to give an average—so much depends upon the age of the craft and outfit. There have been more vessels for sale this spring than there have been purchasers for cash. There are two vessels of Thorburn & Tessier still for sale.

"We have made some compromises of the book-debts due to Thorburn & Tessier. We have made large discounts in some cases in order to compromise. We have compromised a great many of the fishery debts. Our rule was, to compromise if we could not get paid in full. We got paid in full in very few cases. Most of the compromises were made in the spring. We had Sir Robert's opinion to guide us when people came to compromise. He thought we were asking too much from some of them. When we asked his advice we relied on his opinion."

QUESTION:—"As a matter of fact, in the spring, in the rush of business, was it possible for the Trustees to make or have made a

careful examination into the ability of the various debtors to pay their accounts, or was it necessary to rely upon the statements of these persons and the opinions of others in making compromises?"

ANSWER:—" It was necessary to rely upon the statements of the debtors themselves and the evidence of Sir Robert as to their ability to pay, from his previous knowledge and the class of outfit they possessed. I mean by the evidence of Sir Robert, his opinion. I don't know that we consulted him in every case; he was generally there, and when he was there he gave us all the assistance in his power. I remember Abraham Turner of Bonavista Bay. I don't remember what he owed and what he took as a compromise. He got off easy.

" It was the rule in the spring up and down Water Street to be compromising debts. A large number of firms was insolvent at that time. Money was very scarce. Supplies were scarce. Sir Herbert Murray was helping people to prepare for the fishery with money supplied by the British Government. There was no local Bank doing business. The fishermen who had money before that time had little specie, and what money they had was in Commercial and Union Bank Notes. The circulation of these notes in trade was the medium of exchange among the fishermen of the country largely. Specie had not been largely in use amongst the fishermen for years. The Legislature, during the winter, guaranteed Union Bank Notes at eighty cents in the dollar, and Commercial Bank at twenty. In the spring the trade took the notes at their guaranteed value for goods or debts. The fisherman with $100 could get $20 worth of goods, but the Banks did not take them at the guaranteed value.

" I never had any Trust Estate work before."

QUESTION:—" As the result of the condition of affairs which you have described, were the realizations from property less than you had ever known before as a business man?"

ANSWER:—" Yes. Some kinds of property were very difficult to sell. Such was real Estate; some kinds of vessels, such as old vessels, were difficult to sell. New vessels were not easy to sell, there was a scarcity of money. I don't know of any property that was easy to sell at a good price.

" Debtors to the firm of Thorburn & Tessier were not anxious to pay in full. The prevailing sentiment of the people was that they were entitled to a discount on fishery debts, in consequence of the general insolvency. Robert Scott of Fogo owed the firm a large amount. The Trustees compromised with him for fifty cents in the dollar, I think. I will inquire. We sent Mr. Shears round to take stock before compromising with Scott. I will produce the account of stock. The Trustees also compromised with Patrick Ryan of Catalina, the brother of James Ryan, the Liquidator. We did not take an account of his assets before compromising. He said that his property belonged to his brother Daniel Ryan, and that the bulk of his assets were given out in winter supplies. This is as far as I remember. I will get the amount of his debt and of his compromise. We had Sir Robert there, but I don't say that we asked him about Ryan's statement. I don't know that I specially consulted him about Ryan's compromise. To my knowledge he never gave an opinion about Ryan's affairs. Ryan was in to see the Trustees twice, but I don't remember ever consulting Sir Robert about the compromise

with this Patrick Ryan. The Daniel Ryan I have spoken of is brother and partner of James Ryan, the Liquidator."

(Signed) JAMES GORDON.

Sworn before me at St. John's, aforesaid, this 8th day of October A.D. 1895.

(Signed) J. G. CONROY, J.P.

The further Cross-Examination of JAMES GORDON, this 9th day of October, A.D. 1895.

(Drawing the witness' attention to his statement that the Capital of Thorburn & Tessier at starting was $72,000. and that $36,000 of this was found for Sir Robert by the Union Bank, he is asked:—)

QUESTION:—"Did the partners of Thorburn have any private capital or assets?"

ANSWER:—"The remains of Walter Grieve & Co.'s business were taken over by the new firm. Those remains belonged to the creditors of W. Grieve & Co., largely to the Union Bank. They belonged to the creditors of W. Grieve & Co. because an Estate is bound to pay its debts before the proprietors have any interest in it. I don't say this property would belong to the creditors without some process of law. The Union Bank, as I understand from documents, negotiated with Mr. Tessier to start the business of Thorburn & Tessier. I don't say that from my own personal knowledge. I have never seen the documents or writings bearing out that statement. As far as I am aware, the Creditors of W. Grieve & Co. never took steps to obtain the property of Walter Grieve & Co. for their own. Walter Grieve & Co. were indebted to the Union Bank in a large sum of money. Thorburn & Tessier at starting took over the assets of W. Grieve & Co. That is all that I know. Sir Robert Thorburn was the partner here of W. Grieve & Co. I don't know the value of those assets, nor the liabilities of W. Grieve & Co. nor whether the assets were equal to the liabilities. Still I say the assets were the property of the creditors until the latter were satisfied. W. Grieve & Co. still owe the Bank a sum of money.

"I don't know if Sir Robert Thorburn were the sole partner of W. Grieve & Co. He takes the responsibility. In the schedule of Thorburn & Tessier the amount of the balance of Walter Grieve & Co's indebtedness to the Bank appears as a liability. I don't know if Sir Robert Thorburn had any private property of his own on entering the partnership. Sir Robert Thorburn held his shares in the Newfoundland Sealing and Whaling Company, which he made over to the Bank as Trustee. The property was paid for by the Bank on January 19th, 1888, $15,200, and charged to Robert Thorburn. $36,000 was charged to Sir Robert Thorburn's private account on the 7th day of May, 1888. There were payments made on that account:

March 1st, 1888, Savings Bank cheque of	$10,000.00
April 19th, a cheque of Walter Grieve & Co....	1,600.00
Leaving on Dec. 31st, 1888, with interest, a balance due by Sir R. Thorburn of...	41,321.33

"It was January 19th, 1888, the cheque for $15,200 was charged to Sir Robert, and March 1st the credit for $10,000 was given. At the time of the payment of the $10,000 there was no charge against

his private account except the $15,200. I have no credits for Sir R. Thorburn's account except those given in the year 1888. In the year 1891, on the 9th of December, referring to the Minute limiting Thorburn & Tessier's overdraft to $150,000, Sir Robert's private account was $16,196.80 in debt."

QUESTION:—" Do you know from what sources the moneys were derived that reduced Sir R. Thorburn's private account from $41,321.33 on Dec. 31st, 1888, to $16,196.80 on 9th Dec. 1891?"

ANSWER:—" I cannot say to-day. I will try and find out from the books of the Bank."

QUESTION:—" Are you not aware that these moneys were chiefly derived from the profits of Sir Robert's shares in the Sealing & Whaling Company, and outside altogether Thorburn & Tessier's business as a firm?"

ANSWER:—" I have no present certainty, but will try and find out.

" I said it was impossible for Thorburn & Tessier to do their large business without outside aid. I mean that for the purpose of purchasing the required accommodation at the Banks. That is not equally true of most of the other large firms. I know now from the books of the Bank, but I did not know then, that it had been the custom for a great many years for the largest firms in the country to have what is called 'large overdrawn accounts.' I know from my inspection of the books that for several years it has been the practice. I have not gone back as far as twenty-five years ago. I have no knowledge of the practice that has obtained for twenty-five years. I will endeavour to get the information."

QUESTION:—" Are you aware that there is a recent local enactment by which persons having fish or other such products may give to the Bank what is known as a Warehouse Receipt as security for advances?"

ANSWER:—" I believe there is such an enactment. I am not aware of any practice by which similar advances could be obtained before that enactment. The practice was, in buying fish, to give a cheque on the Bank or a note at three or four months. The cheques would be charged to the current account of the drawer."

QUESTION:—" Do you not know that at the present time the Banks doing business here will make advances on Warehouse Receipts?"

ANSWER:—" I don't know."

QUESTION:—" When you spoke of Thorburn & Tessier transacting their Exchange by drawing on the Merchants' Banking Company of London, and hypothecating the Bills of Lading to that Bank, do you mean drawing with document attached?"

ANSWER:—' Not always. The Bills of Lading were sent to the Banking Company, who received the proceeds of the cargoes; the Bills of Lading were not always attached to the drafts. I known of no case of Thorburn & Tessier drawing except against produce sent forward. These drafts were al paid.

" I have examined the books of the firm since they have been in business. I have looked at their Annual Balance-Sheets. The books were carefully kept. I will produce a copy of their Profit and Loss Account for each year since commenced. My knowledge of their business has been wholly obtained since I became a Trustee. I

knew before that they were carrying on their banking business with the Union Bank. I had considerable business with the firm. I sold large quantities of fish to them at one time for notes and cash and drafts. I believe that at the close of their affairs we owed them on current account. We did business with them up to the smash. Our books were burnt in the Fire, and we have not had any large fish transactions with them since the Fire. We have been shipping fish since the Fire,—not very largely. We didn't ship from St. John's before the Fire, we did from outharbors. I did not know the state of their business during the years the firm was carrying on.

"I have had no personal examination of the books of Baine, Johnston, & Co., and don't know anything about their business. From my general knowledge of the trade I know nothing of their profits or their losses. I had no means of such knowledge. I did not know whether in any year they had made a profit or met a loss on the year. I don't know in what years they made profits or losses. They carried on an extensive business,—widely diffused over the Island. It would not be possible for me, from my general knowledge of business, to say whether they were making or losing money.

"I have no personal knowledge of the affairs of John Munn & Co. At the last I believe Robert Munn was the sole partner of the Firm. He died after the suspension of the Bank, of which he was a Director. The business of that firm was very extensive. The head-quarters were in Harbor Grace. They had, I believe, a great many stations on the Labrador. Four Sealing Steamers belonged to that firm, and a considerable amount of other vessel property. I had no knowledge whatever, either general or particular, of the profits or the losses of that firm during its continuance. The agent of that firm in England was C. T. Bennett of Bristol. I never heard anything of his financial status. I never heard, as far as I know, anything about his financial standing, either from general repute or otherwise. In 'J.G. 2,' I shewed the amount of drafts by Munn on Bennett in the financial year 1892–1893, and in 'J. G. 3,' remittances to C. T. Bennett by the Union Bank for J. Munn & Co."

QUESTION:—"Did you not say that this latter account was a statement of the accommodation by the Bank to John Munn & Co. during the financial year 1892–1893?"

ANSWER:—"Yes. The total shewn for the year of drafts sent is £84,000 sterling. I cannot tell if some of the drafts charged were not by way of renewal of previous drafts. I don't know if there was ever more than £20,000 of this running at one time.

"My account current with the Union Bank on the 31st of May, 1893, was in credit $1,420.43,—on Deposit receipt, $9,403.00. On the 31st May, 1894, my credit was, on current account $77.69,—on Deposit receipt, $6,451.00. On December 10th I was in credit on current account $345.29, and on Deposit, $6,451.00, interest to be added. The forty shares which I purchased were charged to my private account by my own firm.

"The *Stella* cost, January 25th, 1893, for three-quarters, $3,200. In the Statement of Thorburn & Tessier's assets the three-quarters were valued at $2,700. The three-quarters were sold by the Trustees for $2,000. Mr. Wheatly valued the vessel after Captain Nesbitt made the offer of $2,000. There were $700 of earnings put to her credit. She was on her way to Brazil when she was put down on

the assets at $2,700. The Estate got $2,709 out of the *Stella*. If she sold at the value put upon her by the Statement of Thorburn & Tessier, the Estate would have got $3,400. £1200 sterling was the amount of insurance running at the time of her sale. It has been reduced by her present owners to £1000,

"The Trustees sold the hoops on the loft to James Baird as a lot uncounted. They were sold as a lot, but it was not known at the time how many there were. There were 870 bundles of herring barrel hoops 611 bundles of drum hoops. 2715 bundles of half drum hoops, a total number of bundles of 4196.

"The schooner *Two Brothers* was repaired in Indian Arm in the winter of 18..4. Edward Humby's contract was $580 for repairing her. It cost $20 to bring her round, that is, $600 in all, and she was sold to James Baird for $600.

"Patrick J. Ryan owed $4,815.38, of which $1,500 was considered by the firm as a bad debt. $1,933.61 of the total was for provisions and shop goods supplied in the fall of 1894. We compromised the whole for $700, secured by the note of Daniel Ryan, due in December next. He said he had a trap in the hands of a dealer, but he could not get it. The Trustees did not ascertain whether that was true or not. I did not hear of his having a new schooner. There was a schooner called the *Linnet*, described in the book as very old. Ryan afterwards boasted that he had got an easy settlement. I spoke about the matter to Sir R. Thorburn, and I investigated in the summer after the compromise a rumour that he had money in the Union Bank. I could not find any."

QUESTION:—"Does not this condition of affairs arise from the fact that under all the circumstances it was impossible for the Trustees to make searching and proper inquiries into the ability of debtors to pay their accounts?"

ANSWER:—"We relied on the information given us by Sir Robert Thorburn. I don't know that we relied upon him for Ryan's account, as I was not present. It was impossible for the Trustees to make searching and proper inquiries, we had to rely on what information we could get, and what we knew about the parties."

(Signed) JAMES GORDON.

Sworn before me at St. John's, aforesaid, this 9th day of October, A.D. 1895.

(Signed) J. G. CONROY, J.P.

The Cross-Examination of JAMES GORDON continued:—

"I was asked to produce the correspondence between Thorburn & Tessier and the Bank on the matter of a compromise. I produce the correspondence in full, composed of four letters, 'J. G. 5, 6, 7, 8.' I also produce the Stock Lists, an Inventory of Robert Scott of Twillingate, Fogo, and Change Islands, 'J. C. 9, 10.' The total amount of Stock at Fogo, including Change Islands and Tilton Harbor Stock and Store Goods, is $9,636.59, as stated by Mr. Scott, ('J. G. 9,') at Twillingate $6,315.00, ('J. G. 10.') In addition, according to a Statement submitted on behalf of Mr. Scott, there were book-debts

which he valued at $1,400; the schooner *Laddie*, estimated realizable value $750; steam launch *Matilda*, seven years old, $750; the schooner *Robert Fiddes*, stranded and full of water, 13 years old, gear only $25; the schooner *Maggie Briggs*, 13 years old and worn out, gear only $150; the schooner *Maggie D.*, 18 years old, $50; personal effects, $200; premises, $950.

"The debt due by Scott to Thorburn & Tessier on January 31st 1893 was, as appears by his pass-book with the firm, $35,083.04. We compromised with Scott, (we, the Trustees of the firm,) at fifty cents in the dollar. We sent Mr. Shears to examine into Scott's affairs, and gave him a Power of Attorney to act for us as Trustee. We offered the Estate to Scott at 60 cents in the dollar while Mr. Shears was in charge, and Mr. Scott asked if that offer was deducting the amounts that he had paid in December. He came to St. John's after that, and we concluded a compromise at 50 cents in the dollar, no portion down, two years and a half in instalments, the first payable this fall.

"I produce a list of R. Scott's Stock, &c., for 1893, 'J.G. 11.' This is made up and signed by Robert Scott, dated 13th March, 1894. In that Statement the schooner *Laddie* is valued at $4000; the steam launch *Matilda* at $2,500; the *Robert Fiddes* at $1000; the *Maggie Briggs* $800; the *Maggie D.* at $200; the following remarks are over Mr. Scott's signature,—'This is goods at cost price, clear of 'coasting freights' (which is by way of reference to $22,000 goods in store,) 'and the craft at a reasonable working valuation.' Appended is a note of Sir Robert Thorburn,—'See letter 24th 'March in answer, and reference to the premises as not being put 'down.' By Scott's pass-book at date of that Statement of his affairs, he owed the firm $28,539.59, January 1st, 1894. The Pass-book is put in, marked 'J. G. 12,' and styled 'Account Current Book.'

"I produce a Statement of overdrawn accounts for the period from 1870 to 1876, 'J. G. 13.' I will produce a statement shewing the Exchange running on the dates of 'J. G. 13,' and the amount of Deposits at the same dates.

"I produce Sir Robert Thorburn's private account with the Union Bank from the time that he owed $41,321.33, on the 31st Dec., 1888, until he owed $16,196.80 on his private account, Dec. 1891. On 1st January, 1889, Sir Robert's private account was in debt $41,321.33. By payments it was reduced to $31,089.60 on the 1st January, 1890. The reduction was in this way:—$10,000 by cheque of Thorburn & Tessier, $792.53 deposited in cash, another cheque of Thorburn & Tessier of $1,380. In 1890 there's another cheque of the firm credited of $3,000 in February; on May 1st there's a cheque af the Sealing and Whaling Company of $4,300. In 1891 there is another cheque of the firm, April 4th, $6,982.32, and another cheque of the firm, June 11th, $2,820. In 1892, March 10th, there was a Savings' Bank cheque of $600; April 9th, a cheque of the firm of $971.88, and a balance of cash, same date, $1,628.12. April 11th, a cheque of the Sealing and Whaling Co. of $12,950; on May 17th, a cheque of the same Company for $5,350. On May 18th a cheque of the firm for $4,878.90. That closed the account at that date. On July 19th there was a cheque of the Phœnix Insurance Co. of $2,500; on July 23rd there was a cheque of the North British and

Mercantile Insurance Company for $7,200; on July 26th, cash, $97.77 was deposited; August 3rd, a cheque of Job's, $4,800, was deposited; August 27th a cheque of $2,500 on Randell's; then there's a debit, Sept. 23rd, to Walter Grieve & Co., $17,097.77. That closes the account.

"Sir Robert Thorburn's private account was closed at the end of 1892, and the whole amount of his private account was paid. The sum of $17,097.77 to the credit of Sir Robert Thorburn on September 23rd, 1892, was transferred to the credit of Walter Grieve & Co., and his private account was closed. I believe the cheques of the Sealing and Whaling Company credited to Sir Robert were the dividends on his shares in the stock of the steamers of that company. I don't know whether some of the cheques signed by Thorburn & Tessier and credited to Sir Robert on his private account in the Bank were also proceeds of dividends on the shares."

QUESTION:—"The cheques of Thorburn & Tessier charged to Sir Robert in the firm's books and credited to him in the Bank's books, so far as they were not on account of those dividends, would be charges against his share of the profits of the firm, would they not?"

ANSWER:—"I will examine the firm's books on this point."

"In the spring of this year, when the settlement of debts due by fishermen was going on, the Savings' Bank were restricting their payments as much as possible. The deposits in that institution amounted to a large sum. The Commercial Bank suspended the same time as the Union. The Union was open for some time on the 10th December. The Commercial did not open that day. There was a local panic in consequence, and a run on the Union Bank. The Commercial Bank was quite separate from and independent of the Union, but there were considerable transactions between the institutions in notes and Exchange and otherwise.

"Some of the firms doing the largest business in Newfoundland did their business with the Commercial,—Edwin Duder, Job Brothers & Co., Bowring Brothers, Ayre & Sons, Goodridge & Sons, Goodfellow & Co., John Steer. With the exception of Bowring Brothers these all became insolvent. I don't think these insolvent firms were carrying on half the fish business. They did a very large proportion of the business of the country. The ramifications of their business spread over a large part of the country. They had many dealers, gave large supplies, and controlled a great deal of the vessel property of the country. Personally I had no knowledge of the condition of the firms, and did not know whether they were making profits or loss.

"James Baird had large dealings with Baine, Johnston, & Co., who bought fish from them for exportation, and the former purchased molasses and other goods from the latter. I don't think either owed the other any amount of consequence. Baird & Co. never refused Baine, Johnston, & Co. credit, and it was an accident of trade that the latter did not owe the former considerably."

(Signed) JAMES GORDON.

Sworn before me at St. John's, aforesaid, this 10th day of October A.D. 1895

(Signed) J. G. CONROY, J.P.

The Cross-Examination of JAMES GORDON resumed by Mr. Johnson, Q.C.

QUESTION:—" Referring to the account of Munn & Co. in 1892, are you aware that an oath was made by Mr. Robert Munn and Mr. Robert Prowse very early in 1892 that the affairs of Munn & Co. were in solvent circumstances?"

ANSWER:—" I am not, and never heard of it before."

QUESTION:—" Are you aware that very shortly after the date referred to a sum of £20,000 sterling was put into the business of that firm, proceeds of the Estate of William Munn, deceased?"

ANSWER:—" No. I have not heard that before."

QUESTION:—" Are you aware that early in 1892, at the request of the Directors of the Bank, Mr. Donnelly, one of the Directors, went to Bristol to ascertain the position of C. T. Bennett & Co.?"

ANSWER:—" No, except that since the suspension of the Bank Mr. Donnelly said in the Bank parlour that he had been on a mission somewhere on the subject of John Munn & Co's position. I never heard of a report made by Mr. Donnelly to the Bank on the subject of his call to C. T. Bennett & Co., or that C. T. Bennett told Mr. Donnelly that C. T. Bennett were prepared to carry Munn & Co., or that Mr. Donnelly had reported that he found C. T. Bennett a man of large means, or that this report or enquiry was shortly before the making of the Minute to which I have referred, of 2nd May, 1892. I know nothing of such report, or of such mission of Mr. Donnelly, besides what I have said of Mr. Donnelly's report in the Bank parlour, after the suspension. I don't know that he supervised Munn & Co.'s affairs in 1892. I don't know that he supervised Munn's business during 1892. I don't know that he, Mr. Donnelly, reported at the end of 1892 or beginning of 1893 that the profits realized by Munn for 1892 were about $46,000.

" I have seen some of Messrs. Munn's statements filed in the Bank, but have not examined them very carefully. I have seen Mr. Pinsent's Statement of Munn's liability. It appears that on the 31st May, 1893, the liabilities of the firm on all accounts were considerably smaller than in May, 1892. I am informed by the Trustees of Munn's Estate that it will probably pay forty cents on the dollar. I can't say on what amount that dividend will be paid to the Bank. The Union Bank of London will collect on what Exchange they hold; we, the Union Bank here, will be entitled only on current account at present. We are no holders of the drafts. After the holders have been satisfied we will get the dividends on the drafts held for our account."

QUESTION:—" Can you state what that balance on Munn's Current Account amounted to on 10th December?"

ANSWER:—" $152,158.35, being a reduction of about $46,000 since 30th Nov. 1894. In the case of Exchange there will be a dividend payable not only by the drawers, but in case of acceptances, by the Estate of the acceptors. The loss will depend on the way the acceptors' Estate turns out. I have no knowledge at all of Mr. Bennett's affairs. I think there will be a considerable loss on some of the Exchange, but I don't know, though I expect there will be a severe loss on accepted Exchange. C. T. Bennett's Estate has paid no dividend as yet.

" Referring to the account of Baine, Johnston, & Co., I don't re-

collect seeing any statement of their affairs as they stood before or up to May 31st, 1893, or shewing what their assets were at that period. I have seen the letter of Mr. Goldie, 18th May, 1894, ('C S. P. 15') to Baine & Johnston in the Bank's Letter-book, which quotes that Mr. W. B. Grieve promised to put his account in order before the 31st December, 1893, and stating how he proposed to do it. During 1893 our firm sold fish to Baine, Johnston, & Co., and during the following winter to a considerable amount, and freely took their notes; their purchases from us, (Baird & Co.,) might reach in that time $20,000. The amount of notes given to James Baird & Co. by Baine, Johnston, & Co. between 1st September, 1893, and end of February, 1894, for fishery products and otherwise sold to them was $10,811.69. During that period we considered Baine, Johnston, & Co. perfectly solvent; and up to the suspension of the Bank I had no reason to doubt their credit."

QUESTION:—"Would not your firm, Baird & Co., be in as good a position as the generality of their brother merchants in St. John's to judge of the credit of such a firm as Baine, Johnston, & Co.?"

ANSWER:—"One firm might have a better knowledge than another,—better sources of obtaining knowledge.

"I produce an extract from a letter from the Union Bank of London to the Union Bank of Newfoundland, dated 24th Oct. 1882.

'We have received from the National Bank of Commerce, New 'York, 25 Certificates, $10,000 each, of the City of New York Con- 'solidated Stock 5 per cent., which we hold on your account. Please 'give the National Bank of Commerce instructions as to the collection 'of interest thereon.'

"These are the $250,000 New York City Bonds referred to already in my evidence.

"I produce a list of shares transferred, from January 1892 to December, 1894, 'J. G. 15.'"

Re-Examined by MR. GREENE, *Q.C.*:

QUESTION:—"Would not Bank Directors have a better knowledge or means of having a better knowledge of the affairs of a firm doing business with that Bank than James Baird & Co. would have from their dealings with them as Merchant and Merchant?"

ANSWER:—"They would have sources of information not open to outside firms, giving the Directors a greater advantage of knowing the status of mercantile firms.

QUESTION:—"From your knowledge acquired from the books of the Bank, can you say whether the promise referred to in 'C. S. P. 15,' made by Mr. Grieve, of putting his account in order was performed?"

(This question was objected to.)

ANSWER:—"No, it was not. The account was largely increased and no money paid by the Glebe Sugar Refining Co. to the credit of Baine, Johnston, & Co.

"I cannot say how the reduction in Munn's account between 30th Nov. 1894 and 10th Dec. 1894 was caused. I will find out that, and also how much unaccepted Exchange of Munn's there was on the 10th December, 1894, and at what dates the acceptances were drawn and credited. The holders of Munn's drafts sent to them by the Union Bank,—which holders are the Union Bank of London,—get the dividends to satisfy their claim on the Union Bank of New-

foundland, and when that is satisfied, the Union Bank of Newfoundland will get back the Exchange and collect the remaining dividends upon that Exchange.

"The amount of Book Debts due Thorburn & Tessier, as submitted by them to a meeting of their Creditors, which are styled by them 'Planters' Balances,' amount to $123,350, valued by them at $25,000. Before I became a Liquidator of the Bank I didn't know the amount of accommodation Thorburn & Tessier had from the Bank. When I said we realized the bulk of that firm's assets, I meant that we realized all the fish, all the oil, a portion of the pickled fish, all the shop and store goods, except salt, a quantity of the cooperage, a quantity of tools and utensils, and some of the vessel property. The part realized bears the proportion to the value of the whole Estate about seven-eights. We have already paid 40 cents to the dollar; we have on hand sufficient to pay 15 cents, and expect to pay in December a dividend of that amount, or probably 20 cents."

To Mr. Johnson, *Q.C.*:—

"Referring to Munn's accepted Exchange, it was all accepted by C. T. Bennett, of Bristol. It was sent by the Union Bank of Newfoundland to its correspondent, the Union Bank of London. Assuming that the acceptor's Estate realizes 75 cents, the Exchange would be returned to the Union Bank of Newfoundland, provided Munn & Co. pay the other 25 cents."

To Hon. Mr. Morris:—

"With reference to the value put on the 'Planters' Balances in Thorburn & Tessier's Statement, it is the printed Statement put before the Creditors I went upon. The Statement valued these debts at $25,000. The Trustees afterwards revalued them at $50,000."

(Signed) JAMES GORDON.

Sworn before me at St. John's, aforesaid, this 11th day of October, A.D. 1895.

(Signed) J. G. CONROY, J.P.

The Re-Examination of James Gordon resumed, this 14th day of October, A.D. 1895.

"Munn's account from the 30th November, 1894, to the 10th December, 1894, was reduced by Exchange being credited,—Exchange drawn by Munn on C. T. Bennett, but not accepted, £14,000 sterling. That includes all his unaccepted Exchange. The accepted Exchange was £63,470 sterling, accepted by Bennett.

"The Union Bank, apart from statutory declaration, is as a matter of fact insolvent. It was insolvent on the 10th December, and was insolvent previous to the 10th December, 1894. I have before me the Directors' overdrawn accounts on 30th May, 1893; taking 40 per cent. off these overdrawn accounts, that percentage would amount to $375,583.31; 60 per cent. off would amount to $793,374.96. The same calculations for the same dates in 1894 would give $456,394.36 and $635,191.54 respectively. The Capital of the Bank was $456,000.

"Between June, 1893, and December, 1894, there were several

new depositors. This I have from the Books of the Bank; and there were also several new current accounts."

(The reception of this evidence was objected to.)

"From the books of the Bank I produce the balance-sheet for the year ending 31st May, 1893.

(The reception of this was objected to, and it was not admitted.)

To MR. MORINE, *L. L. B.*:—

"Prior to the 10th of December, 1894, I had no intimate acquaintance with the affairs of the Bank. On the 10th of December I knew the Bank had suspended and closed its doors. My information was general. On that day I did not know personally that the Bank was insolvent. After I knew it was closed, I did not know that it was unable to pay 100 cents on the dollar. When I say it was insolvent before the 10th of December, I speak from knowledge acquired from the books of the Bank since. Looking at the books of the Bank, if the debtors shewn on those books were able to pay in full, I don't think the Bank would be insolvent. If the debtors of the Bank were able to pay all their debts, so that the Bank would not be liable on the Exchange held by it, I could not say that the Bank would be solvent. I have examined the Bank's books carefully. The Bank has made large losses in selling Debenture Bonds. I mean Bonds sold in New York, sold before the suspension. The loss was about $70,000. These are the American Bonds purchased after the Fire. I don't remember any other losses at present.

"The Capital was $456,000, and the Reserve was $320,000. There was a credit to Contingent Account of $30,000 in 1894. If all the debtors had been able to pay their accounts, and the Bank had been free from contingent claims, I have no doubt the Bank would have been solvent. The books of the Bank shewed debtors known to be insolvent. They shewed debts provided for in the Bad and Doubtful Account known to be bad."

QUESTION:—"If these accounts provided for in the Bad and Doubtful Debt Account had been paid in full, would not the Bank have the amount of the Bad and Doubtful Debt Account in addition to the Capital and Reserve?"

ANSWER:—"Yes, and if the loss had been incurred, that loss was already provided for.

"When I say that the Bank was insolvent on the 10th of December, I speak not only from my knowledge of the books, but from my estimate of what the debtors will be able to pay; these debtors having become insolvent since the 10th of December, and their Estates being wound up in the present year under the circumstances deposed to by me. Of those Estates I have no personal knowledge, except that of Thorburn & Tessier."

QUESTION:—"If you were to look at the books of the Bank as an expert, without any knowledge of the affairs of the debtors?"

ANSWER:—"I could not say whether the Bank was insolvent or not.

"When I said in reply to Mr. Greene that the Bank Directors would have sources of information not open to outside firms which would give them a greater advantage for knowing the status of mercantile firms, I meant that they were in a position to have. I can't swear what they know. If I had been a Director I would have had

information which I did not have as an outside merchant. I would have general information of their business and their status."

QUESTION:—" Do you mean that the Directors had the information, or that if you were a Director you would have looked for the information?"

ANSWER:—" I mean that they had the information from the books of the Bank. The books of the Bank did not shew whether the debtor firms were making or losing money, as a matter of fact, but they shewed their indebtedness to the Bank and their correspondence connected with their accounts."

QUESTION:—" Are those the 'sources of information' referred to in your answer to Mr. Greene?"

ANSWER:—" They are."

To MR. GREENE, *Q.C.*:—

" The books of the Bank would shew that interest had ceased to be charged on Mr. Donnelly's account."

QUESTION:—" Is there a Minute in the books of the Bank referring to the conduct of Munn's business?"

ANSWER:—" There is "

QUESTION:—" Is there any correspondence in the Bank in reference to a Mortgage of Baine, Johnston, & Co., to the Bank?"

ANSWER:—" There is. These are some of the sources of information unknown to me prior to the 10th of December, and which must of course have been known to the Directors. This is the Minute, and this the correspondence, which I have already deposed to.

" I produce a Statement shewing a current account credit balances and deposit receipts of the Union Bank on the 31st May and 30th November respectively, in the years from 1870 to 1876, both inclusive, 'J. G. 16.' 'J. G. 17,' is a Statement shewing the Bills of Exchange of certain firms, running in the Union Bank on various dates from 31st May 1870, to the same date in 1876, both inclusive."

QUESTION:—" How much of the amounts paid to the credit of Sir Robert Thorburn's private account came out of his dividends upon his stock in the Sealing and Whaling Company?"

ANSWER:—" $33,982.32."

QUESTION:—" How much of the payments to the Union Bank to his private account was charged to his private account on the books of the firm of Thorburn & Tessier?"

ANSWER;—" $18,671.43."

" I produce a Statement shewing the amount of interest on account and on notes discounted, and the profit on sterling Exchange in the account of Thorburn & Tessier with the Union Bank, from the commencement of the firm, in 1888, to the close of the year 1894, 'J. G. 18.' The total is $107,386.83."

(Signed) JAMES GORDON.

Sworn before me at St. John's, aforesaid, this 14th day of October A.D. 1895.

(Signed) J. G. CONROY, J.P.

The Examination of JOHN T. GILLARD, of Saint John's, Broker, taken upon oath, who saith:—

"I am one of the Liquidators of the Union Bank, and also a Trustee of the Estate of Thorburn & Tessier, and my occupation and profession is that of a Broker. I have been connected, as Broker and in the office of a Broker and otherwise, with the trade of the country about thirty-six years.

"I was a shareholder in the Union Bank on the 31st May, 1894, and previously, and I am still. I have been a shareholder about twenty years. I was present at the Annual Meeting of 1894. The Directors present were Sir Robert Thorburn, Mr. Donnelly, and Mr. Munn. There was a report read and a Statement submitted at that meeting. 'W. H. C. 7½ & 8.' is, I believe, that Statement and Report. I heard the Report and Statement at the meeting. I was subsequently sent a printed copy of the Statement and Report. It is a correct copy, as I take it, of the Report and Statement which I have already identified. At the time of the submission of the Report and Statement I was not aware of the true state of the Bank's affairs.

"I don't know what the true state of the affairs was, but I believe this Report to be false. I don't believe it's correct."

(This evidence was objected to.)

"I was deceived by the Report, and by observations made by the Chairman at that meeting." (Objected to.)

"All bad and doubtful debts were not provided for, and the Report says that all bad and doubtful debts had been provided for.

"The third item on the assets side misled me, because I believed that the third item on the assets side consisted principally of Bills Discounted, and that there were no such overdrawn accounts as really existed. Of that item over two millions was overdrawn account.

"On the assets side the item 'Balances due by Banks, and 'Funds available in 15 days,' deceived me; it is incorrect, it was not all available.

"Sir Robert Thorburn, in speaking of the affairs of the Bank generally, and the losses sustained by it from time to time, made use of these words, or words to the same effect, addressing the shareholders, he said:—'If you did not meet with a loss occasionally, you 'would not know what to do with your money.'

"There was no provision made in 1894 at all for bad and doubtful debts. I have seen the books of the Bank, and from them I can say that the accounts of the Directors were brought forward in their entirety, and interest charged, except on Mr. Donnelly's."

QUESTION (objected to):—"Were there any accounts in the Bank in May, 1894, for which provision should have been made as bad and doubtful debts?"

ANSWER:—"There were. Provision should have been made for Baine, Johnston, & Co.'s account, Thorburn & Tessier's account, John Munn & Co.'s account, and for Mr. Donnelly's account. There were other accounts outside the Directors,' as I have ascertained since I have become a liquidator of the Bank, not provided for in 1894. Some were provided for in 1893. I produce a list of them, 'J.T.G.L.'"

(The following statement was objected to.) "In 1894, outside the Directors' accounts, there were other accounts that should have been provided for and were not. They are accounts that will not be paid. I know this from information obtained through my present official connection with the Bank.

"The Bank declared a dividend in May, 1894,—I was paid it. In November 1894 the Bank declared a dividend,—that was not paid. It was payable 12th December."

QUESTION (objected to): "Had the Bank from its net profits earned this dividend?"

ANSWER:—"No."

QUESTION (objected to): "If the Bank had made proper provision for bad and doubtful debts, could it have declared and paid this dividend?"

ANSWER:—"No."

"I was deceived by the declaration of the dividends. From the Report and Statement I believed that the Bank was earning profits divisible among the shareholders. I sustained loss by the failure of the Bank."

(Signed) JOHN T. GILLARD.

Sworn before me at St. John's, aforesaid, this 15th day of October, A.D. 1895.

(Signed) J. G. CONROY, J.P.

The Cross-Examination of JOHN T. GILLARD, taken this 17th day of October, A.D. 1895:—

To MR. JOHNSON, *Q. C.*

QUESTION:—"Are you aware that the supplying trade has, as a rule, not been a profitable one?"

ANSWER:—"I am not prepared to say. I understand it was profitable in 1894. I don't know if before that it had been profitable in late years."

QUESTION:—"Have not several large supplying firms gone into voluntary liquidation?"

ANSWER:—"I know that J. & W. Stewart have closed up their business; for what reason I don't know. Mr. W. J. S. Donnelly gave up business about twenty years ago and over. So did Stabb, Rowe, & Co., within the last fifteen years. L. O'Brien & Co. closed up within the last fifteen years. I don't remember about Brooking & Co., it is so long ago; but I believe they went into voluntary liquidation. When these firms went into liquidation, I suppose they paid up all claims. It is likely I would know if they did not.

QUESTION:—"Are you aware that Harvey & Co. had, when the Bank closed, a number of sixty-days' bills of Exchange, which were returned protested for non-acceptance, and which they took up?"

ANSWER:—"These Bills were left at the Bank by Harvey & Co. as a set off against their liabilities to the Bank. That Exchange was got from the Bank and charged to them shortly before the close. Much of the Exchange was bought without money.

"I am a Trustee of Thorburn & Tessier. I am not aware, without reference to the books, whether the firm did not owe to Harvey & Co. and to A. Harvey & Co. over $6000, which the Harveys as endorsers had to take up. I shall examine the books for the information on this point."

QUESTION:—"At the time of the crash, were there not promissory notes to a considerable amount from Munn & Co. to Harvey & Co. and A. Harvey & Co., which the Harveys as endorsers had to take up?"

ANSWER:—"

QUESTION:—"By reference to the books of the Bank, can you name a time when the account of Baine, Johnston, & Co. was put in credit or brought down to a liability of about $25,000 on current account?"

ANSWER:—"

QUESTION:—"At the period during which the last $30,000 of Exchange was purchased from the Bank by Harvey & Co., what was the state of their current account?"

ANSWER:—"

To HON. MR. MORRIS:—

"I produce a Statement of the affairs of Thorburn & Tessier made out by the Trustees, 'J. T. G. 1.' From that I can say that about the 10th of December the fish of the firm in store and on venture came to about 58,000 quintals; there were about 250 tuns of cod-oil. At a moderate valuation these two items would, taking fish all round at $3.50, and at $70 per tun for the oil, come to about $220,000. The fish may be over-estimated in that calculation. The Statement 'J. T. G. 1.' was made out by Mr. Outerbridge, Mr. Gordon, and me; the gross liability appears at $590,242. The Statement is only approximate. The assets are valued at $423,818. The Statement does not shew the reduction made by the Trustees on the assets in the firm's ledger. There is one item in the Statement that we increased. Sir Robert Thorburn valued the Planters' Balances, which in the books appeared as $123,000, at $25,000. I think he made that valuation when he was in treaty with his creditors. The Trustees made it $50,000. We reduced the assets on that item alone about $73,000. I think the practice is in the case of a merchant who makes a compromise, that the planters of the merchant do not participate in the benefits of the compromise."

QUESTION:—"If it was the intention of Thorburn & Tessier to reduce the various balances due by their planters to them do you think Sir Robert's estimate of $25,000 for their debts too low?"

ANSWER:—" I think he could make more than $25,000 out of them."

QUESTION:—" Is Sir Robert as good a judge as the Trustees of the value of these debts?"

ANSWER:—" It is difficult to say. He made two different Statements. The first, submitted when we were examining into the affairs of the Bank,—which Statement, I believe, is not to be found,—I saw it,—shewed a surplus of assets over liabilities, and it was made at a time when Bank was supposed likely to continue. I think that the Statement was made and submitted to the gentlemen appointed by the Legislature to inquire into the affairs of the Bank, at a time when there was a general expectation that the Bank might go on."

QUESTION:—" Have the Trustees made any loss in realizing the fish and oil?"

ANSWER:—" It has all been realized very well. We realized good prices. To some slight extent our estimates were more than realized. There will be a great loss on the fishery debts of the firm, and on fishing property, schooners and gear. That is all included in what we call 'Planters' Accounts'."

QUESTION:—" Does the item of $123,000 in the Statement include the winter issues of supplies for 1891, or is there a separate sum down for that?"

ANSWER:—" There is a separate sum down for that, $24,000. That would make the Planters' Debts roundly $150,000. It has been the practice of the firm to wipe off to Profit & Loss all bad and doubtful debts, and to value and reduce all the Planters' Debts at the end of the year. If the concern could be kept going the $123,000 might be a fair valuation of the debts. We have estimated that the $150,000 referred to will realize about $60,000. We have hitherto received very little, and of course we can't say what we shall receive. I will ascertain what we have taken as notes of hand. These promissory notes do not represent all that we expect to receive, but they represent the greater part of what we are likely to get. I don't know if any of the Planters have paid in full.

"I was at a meeting of Thorburn & Tessier's creditors, Mr. Prowse in the chair. That was the only meeting I attended. I was there either as Trustee of the Bank or as Trustee of Thorburn & Tessier. I think I represented the Bank. The Bank had not made any decision about Thorburn & Tessier before that meeting, as I remember. I think fifty cents Sir Robert offered that meeting. It was refused. I [illegible] it, representing the largest creditor. There was a note from Sir Robert to the Bank, offering 10 cents in cash, and the 10 cents to be paid at a time to be settled. This balance with security. No other offer was made after that. Mr. J. D. Ryan said that a suggestion had been made to him, and the other liquidators asked him to get it submitted in writing, to him and them; and that was not done. Nothing came of it. The Sealing and Whaling Company sent out their steamers to the ice this spring, and manufactured the seals. Thorburn & Tessier used to buy them and manufacture them. I am a Director of the Company. They made, I think, a profit this year of $35,000 from the manufacture of the seals.

"I produce a Statement showing the largest indebtedness and liability at any one time, (on Exchange and Current Account respect-

ively,) in each year from 1870 to 1876, both inclusive. of the following firms, viz:—

Baine, Johnston & Co.,
John Munn & Co.,
Walter Grieve & Co.,
J. & W. Stewart,
P. & L. Tessier.

Statement showing the following from 1870 to 1876, both inclusive:—

(1.) Largest indebtedness to Bank on Current Account and Exchange in each year, with date, and distinguishing current account from liability on Exchange.

(2.) Capital, Reserve, and Deposits, respectively, at the same dates in the same years."

(Signed) JOHN T. GILLARD.

Sworn before me at St. John's, aforesaid, this 17th day of October, A.D. 1895.

(Signed) J. G. CONROY, J.P.

CENTRAL DISTRICT, St. John's. } NEWFOUNDLAND.

Robert Thorburn, Augustus W. Harvey, Walter Baine Grieve, and William J. S. Donnelly, hereafter called the accused, stand charged before the undersigned, one of Her Majesty's Stipendiary Magistrates in and for the Island aforesaid, this day of in the Year of Our Lord One Thousand Eight Hundred and Ninety-five at St. John's in the District aforesaid, for that the said accused at St. John's, being the Directors of the Union Bank of Newfoundland, a Company Incorporated by Act of the Legislature of Newfoundland, did on the 17th day of June, A.D. 1893, falsely and fraudulently make and publish a certain written statement, to wit:—"Thirty-Ninth Annual Report and General Statement of the affairs "of the Union Bank of Newfoundland, for the Year ending 31st "May, 1893."—they, the said accused, then knowing the same to be false in certain material particulars, with intent to deceive and defraud such of the Shareholders of the said Bank as were unaware of the true condition of the affairs of the said Bank, and to induce them to hold shares of the said Bank, and to purchase other shares therein, and to become Creditors and Customers of the said Bank, and with intent to deceive and defraud Customers of the said Bank, and the subjects of the Queen who were unaware of the true condition of the affairs of the said Bank, and to induce them to purchase shares in the said Bank, and to entrust it with their moneys.

And afterwards the said accused paid the shareholders a dividend of six per cent. and a Bonus of three dollars per share, as and for a dividend for the half-year ending the thirty-first day of May, A.D. 1893, earned out of the profits of the said Bank, they then well knowing, as the fact was, that the Bank had no profits to divide during that half-year.

And the said Accused, intending to deceive and defraud Shareholders of the said Bank, did, on the 17th day of June, A.D. 1893, among themselves conspire falsely and fraudulently to publish and represent to the Shareholders of the said Bank that the Bank and its affairs had, during the year ending 31st May, A.D. 1893, been, and then were in a prosperous and sound condition, producing profits divisible among the Shareholders, they then well knowing that the Bank and its affairs had been during that year, and then were in an unsound and unprosperous condition, not producing any profits divisible among the Shareholders, with intent to deceive and defraud such of the Shareholders as were unaware of the true state of the said Bank, and to induce them to hold shares therein, and to purchase other shares therein, and to become Creditors and Customers of the Bank.

And in pursuance of the said Conspiracy they, the said accused, afterwards paid the Shareholders a dividend of six per cent. and a bonus of three dollars per share, as and for a dividend for the half-year ending the 31st day of May, 1893, earned out of the profits of the said Bank, they well knowing, as the fact was, that the Bank had no profits to divide during that half-year.

And the said accused did amongst themselves on the said 17th day of June, A.D. 1893, conspire falsely and fraudulently to represent to customers of the said Bank and the subjects of the Queen that the said Bank was then in a sound and prosperous condition, they well knowing, as the fact was, that the said Bank was then in an unsound and unprosperous condition, with intent to deceive and defraud such of the Customers of the said Bank and subjects of the Queen as were unaware of the true state of the affairs of the said Bank, and to induce them to become and continue to be Customers and Creditors of the said Bank, and to become Shareholders of the said Bank.

And in pursuance of the said Conspiracy the said accused afterwards paid the Shareholders a dividend of six per cent. and a Bonus of three dollars per share, as being a dividend for the half-year ending the 31st day of May, A.D. 1893, earned out of the profits of the Bank, they well knowing that the Bank had no profits to divide for that half-year.

And subsequently, on the 12th day of December, A.D. 1893, the said accused conspired amongst themselves falsely and fraudulently to represent to Shareholders, and to the Customers of the said Bank and to the subjects of the Queen, that the said Bank was then in a sound and prosperous condition, they well knowing that the said Bank was in an unsound and unprosperous condition, with intent to deceive and defraud such of the said Shareholders, Customers of the Bank, and subjects of the Queen as were unaware of the true condition of the Bank's affairs, and to induce them to hold and purchase shares in the said Bank, and to become and to continue Customers and Creditors of the said Bank; and in pursuance of the said Conspiracy they afterwards paid the Shareholders a dividend of six per cent., as and for a dividend for the half-year ending the 30th day of November, A. D. 1893, earned out of the profits of the Bank, they well knowing that the Bank had no profits to divide during that half-year.

And afterwards, on the 16th day of June, A. D. 1894, they, the said accused, did falsely and fraudulently make and publish a certain written statement, to wit:—"Fortieth Annual Report and General "Statement of the Affairs of the Union Bank of Newfoundland "for the Year ending 31st May, 1894," they, the said accused, then well knowing the same to be false in certain material particulars, with intent to deceive and defraud such of the Shareholders of the said Bank as were unaware of the true condition of the affairs of the said Bank, and to induce them to hold shares in the said Bank, and to purchase other shares therein, and to become Customers and Creditors of the said Bank, and with intent to deceive and defraud Customers of the said Bank, and subjects of the Queen, who were unaware of the true condition of the affairs of the said Bank, and to induce them to continue and become Customers and Creditors of the said Bank, and to purchase shares in the said Bank, and to entrust the said Bank with their moneys.

And afterwards the said accused paid the shareholders a dividend of six per cent and a bonus of three dollars per share, as and for a dividend for the half-year ending the 31st day of May, A.D. 1894, earned out of the profits of the said Bank, they then well knowing, as the fact was, that the Bank had no profits to divide during that half-year.

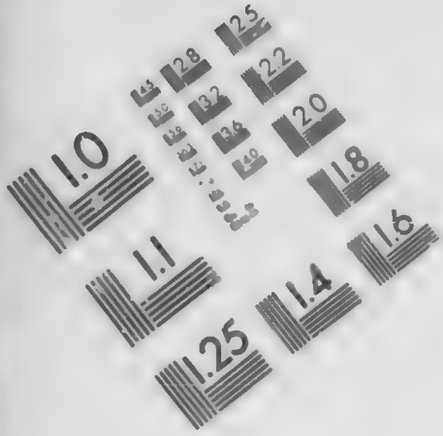
And the said accused, intending to deceive and defraud Shareholders of the said Bank, did, on the 16th day of June, A.D., 1894, among themselves conspire falsely and fraudulently to publish and represent to the Shareholders of the said Bank that the Bank and its affairs had, during the year ending 31st May, 1894, been, and then were in a prosperous and sound condition, producing profits divisible among the Shareholders, they then well knowing that the Bank and its affairs had been during that year, and then were in an unsound and unprosperous condition, not producing any profits divisible among the Shareholders, with intent to deceive and defraud such of the Shareholders as were unaware of the true state of the said Bank, and to induce them to hold shares therein, and to purchase other shares therein, and to become Creditors and Customers of the Bank.

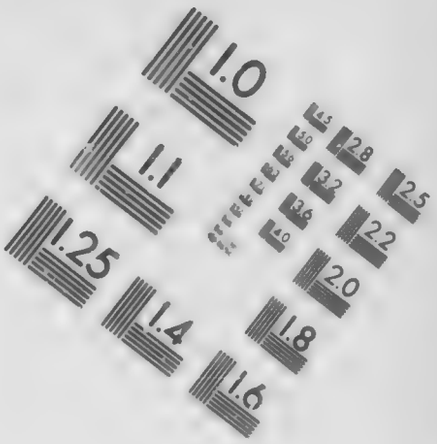
And in pursuance of the said Conspiracy they, the said accused, afterwards paid the Shareholders a dividend of six per cent. and a Bonus of three dollars per share, as and for a dividend for the half-year ending the 31st day of May, A.D. 1894, earned out of the profits of the said Bank, they well knowing, as the fact was, that the Bank had no profits to divide during that half-year.

And the said accused did amongst themselves on the said 16th day of June, A.D. 1894, conspire falsely and fraudulently to represent to Customers of the said Bank and the subjects of the Queen that the said Bank was then in a sound and prosperous condition, they well knowing, as the fact was, that the said Bank was then in an unsound and unprosperous condition, with intent to deceive and defraud such of the Customers of the said Bank and subjects of the Queen as were unaware of the true state of the affairs of the said Bank, and to induce them to become and to continue to be customers and Creditors of the said Bank, and to become Shareholders of the said Bank.

And in pursuance of the said Conspiracy the said accused afterwards paid the Shareholders a dividend of six per cent. and a Bonus of three dollars per share, as being a dividend for the half-year ending the 31st day of May, A.D. 1894, earned out of the profits of the Bank, they well knowing that the Bank had no profits to divide for that half-year.

And the said accused did on the said 17th day of June, A. D. 1893, falsely and fraudulently make and publish a certain written statement, to wit:—"Thirty-Ninth Annual Report and General Statement "of the Affairs of the Union Bank of Newfoundland, for the Year "ending 31st May, 1893," they, the said accused, then knowing the same to be false in certain material particulars, with intent to deceive and defraud James Gordon, a shareholder of the said Bank, who was unaware of the true condition of the affairs of the said Bank, and to induce him to hold shares of the said Bank, and to purchase other shares therein, and to become a Customer and a Creditor of the said Bank, and did thereby deceive and defraud him, the said James Gordon, and did induce him to hold shares of the said Bank, and to pur-





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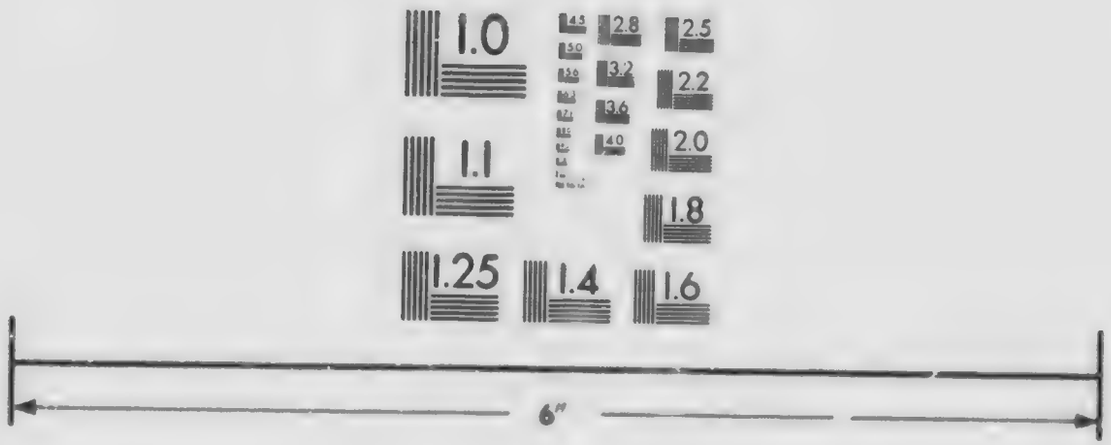

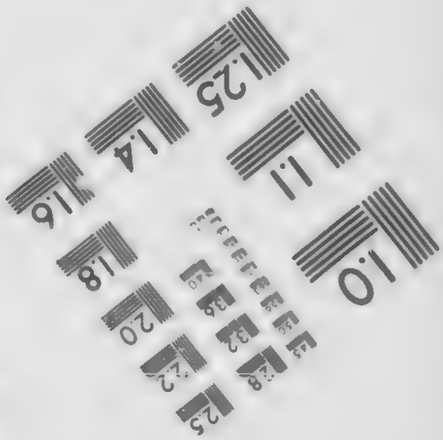

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chase other shares therein, and to become a customer and creditor of the said Bank, whereby he, the said James Gordon, was defrauded of a large sum of money; And afterwards the said accused paid the said James Gordon a dividend of six per cent. and a Bonus of three dollars per share, as and for a dividend for the half-year ending the 31st day of May, A.D. 1893, earned out of the profits of the said Bank, they then well knowing, as the fact was, that the Bank had no profits to divide during that half-year.

And the said accused, intending to deceive and defraud the said James Gordon, a Shareholder of the said Bank, did, on the 17th day of June, A. D., 1893, among themselves conspire falsely and fraudulently to publish and represent to him, the said James Gordon, that the Bank and its affairs had, during the year ending 31st May, A. D., 1893, been, and then were in a prosperous and sound condition, producing profits divisible among the Shareholders, they then well knowing that the Bank and its affairs had been during that year, and then were in an unsound and unprosperous condition, not producing any profits divisible among the Shareholders, with intent to deceive and defraud him, the said James Gordon, who was unaware of the true state of the said Bank, and to induce him to hold shares therein, and to purchase other shares therein, and to become a Creditor and Customer of the Bank, and did thereby deceive and defraud him, the said James Gordon, and did induce him to hold shares in the said Bank, and to purchase other shares therein, and to become a Creditor and Customer of the Bank, whereby he was defrauded of a large sum of money; And in pursuance of the said Conspiracy they the said accused, afterwards paid the said James Gordon a dividend of six per cent and a Bonus of three dollars per share, as and for a dividend for the half-year ending the 31st day of May, A.D. 1893, earned out of the profits of the said Bank, they well knowing, as the fact was, that the Bank had no profits to divide during that half-year.

And subsequently, on the 12th day of December, A.D. 1893, the said accused conspired among themselves falsely and fraudulently to represent to the said James Gordon that the said Bank was then in a sound and prosperous condition, they well knowing that the said Bank was in an unsound and unprosperous condition, with intent to deceive and defraud him, the said James Gordon, who was unaware of the true condition of the Bank's affairs, and to induce him to hold and purchase shares in the said Bank, and to become and to continue a Customer and a Creditor of the said Bank; and did thereby deceive and defraud him, the said James Gordon, and induce him to hold and purchase shares in the said Bank, and to become and to continue a Customer and a Creditor of the said Bank, whereby he, the said James Gordon, was defrauded of a large sum of money; And in pursuance of the said Conspiracy they, the said accused, afterwards paid the said James Gordon a dividend of six per cent., as and for a dividend for the half-year ending the 30th day of November, A.D. 1893, earned out of the profits of the Bank, they well knowing that the Bank had no profits to divide during that half-year.

And afterwards, on the 16th day of June, A. D. 1894, they, the said accused, did falsely and fraudulently make and publish a certain written statement, to wit:—"Fortieth Annual Report and General "Statement of the Affairs of the Union Bank of Newfoundland for "the Year ending 31st May, 1894," they, the said accused, then well

knowing the same to be false in certain material particulars, with intent to deceive and defraud John T. Gillard, one of the Shareholders of the said Bank, who was unaware of the true condition of the affairs of the said Bank, and to induce him to hold shares in the said Bank, and to purchase other shares therein, and to become a Customer and Creditor of the said Bank, and did thereby deceive and defraud the said John T. Gillard and did induce him to hold shares in the said Bank, and to purchase other shares therein, and to become a Customer and Creditor of the said Bank, whereby he was defrauded of a large sum of money; And afterwards the said accused paid the said John T. Gillard a dividend of six per cent and a bonus of three dollars per share, as and for a dividend for the half-year ending the 31st day of May, A.D. 1894, earned out of the profits of the said Bank, they then well knowing, as the fact was, that the Bank had no profits to divide during that half-year.

And the said accused, intending to deceive and defraud the said John T. Gillard, a Shareholder of the said Bank, did, on the 16th day of June, A.D. 1894, among themselves conspire falsely and fraudulently to publish and represent to the said John T. Gillard that the Bank and its affairs had during the year ending 31st May, A.D. 1894, been, and then were in a sound and prosperous condition, producing profits divisible among the Shareholders, they then well knowing that the Bank and its affairs had been during that year, and then were in an unsound and unprosperous condition, not producing any profits divisible among the Shareholders with intent to deceive and defraud the said John T. Gillard, who was unaware of the true state of the said Bank, and to induce him to hold shares therein, and to purchase other shares therein, and to become a Creditor and Customer of the Bank, and did thereby deceive and defraud the said John T. Gillard, and induce him to hold shares in the said Bank, and to purchase other shares therein, and to become a Creditor and Customer of the said Bank, whereby he was defrauded of a large sum of money; And in pursuance of the said Conspiracy they, the said accused, afterwards paid the said John T. Gillard a dividend of six per cent. and a Bonus of three dollars per share, as and for a dividend for the half-year ending the 31st day of May, A.D. 1894, earned out of the profits of the said Bank, they well knowing, as the fact was, that the Bank had no profits to divide during that half-year.

And the said charge being read to the said accused, Robert Thorburn, Augustus W. Harvey, Walter Baine Grieve, and William J. S. Donnelly, and the witnesses for the prosecution, William H. Crowdy, Charles S. Pinsent, William W. Watson, James Gordon, and John T. Gillard, being severally examined in accused's presence, the said accused are now addressed by me as follows:—"Having "heard the evidence, do you wish to say anything in answer to the "charge? You are not obliged to say anything unless you desire to "do so; but whatever you say will be taken down in writing, and "may be given in evidence against you upon your trial. And you "are also clearly to understand that you have nothing to hope "from any promise of favour, and nothing to fear from any threat "which may have been holden out to you, to induce you to make any "admission or confession of your guilt; but whatever you shall now

"say may be given in evidence against you upon your trial, notwith-
"standing such promise or threat. Do you desire to call any wit-
"ness? If you do, it must be done after you have made your own
"Statement."

Whereupon the said Accused say:—

[Here follow the several Voluntary Statements of the four accused.]

Statements of the Accused.

Statement of Augustus William Harvey :

In 1891 I had been a director of the Union Bank for over 25 years, and in that year I determined to retire from the Board of Directors as appears by certain correspondence which the Crown has put in evidence. In order that the correspondence may be fully understood, I desire to call attention to the state of things as shown in those letters and their bearing on my position in this investigation.

The credit system, which had become a part of our very commercial existence, necessitated the output of some $3,000,000 or $4,000,000 of supplies between October and July, returns for which would not be looked for during that period. Without justifying this system, which had grown up gradually, it is apparent that it was a system, most difficult to change, and that a sudden and radical stoppage of credit would inflict great hardship on merchants and fishermen alike. It is clear from the evidence adduced that a bona fide attempt was made by the directors of the Union Bank to gradually counteract this evil by a curtailment of credit.

For some years previous to 1889 banking facilities for the purchase and holding of produce had begun to be allowed on a considerable scale to customers of the bank, and while some accommodation for the purposes of purchasing and marketing the produce of the fisheries may have been considered necessary, it was considered at the time that the facilities were on too extensive a scale and it was determined to curtail them. To give effect to this determination, the minute (C. S.P.5) of April 18th, 1889 was passed as follows :—

" The directors having had under consideration the subject of " overdrawn accounts, have decided on discouraging such advances " in every possible way, more especially permanent overdrafts, and all " temporary advances must be sanctioned by the board, with the ex- " ception that the manager may at his discretion allow overdrafts on " accounts to the extent of the average (taken fortnightly) of the " deposits to the account for the previous year, without bringing the " matter before the board. It has also been decided that the reso- " lution passed 16th June, 1884, should be strictly carried out, viz:— " That the liability of any customer whose account is covered by " exchange should not exceed £30,000 from 1st Feb. to 30th Sept., " and £50,000 from 31st Oct. to 30th Jan., with the exception of " Messrs. John Munn & Co., who may increase their account to £45- " 000 and £60,000 within the above dates respectively, and all draw- " ing accounts must be covered fortnightly. All accounts infringing

" upon the rules of the bank to be brought under the notice of the " directors at each board meeting before the notes offered for discount " are read over."

In my letter of resignation, Aug. 10th, '91, these words occur: " Rules which I have induced the board to pass and confirm more " than once, limiting all advances without security, have been and are " constantly violated, and a system is pursued which I do not consider " justifiable. I am glad to think that the late most satisfactory state- " ment, and dividend and bonus declared by the bank, shows that it " has flourished notwithstanding the pursuance in my opinion of a " wrong policy."

While writing thus, I had no doubt as to the solvency of all the accounts owed the bank, except those that were provided for by Bad and Doubtful Debts Account, but I did not think with its limited capital and reserve that it was prudent banking to give such large advances, and as, notwithstanding these rules being passed, there had been no reduction, I tendered my resignation to the board.

Mr. Goldie's reply urged my remaining on the board until the end of the year on the ground that my leaving the board at that time " would be prejudicial to the bank's and the colony's interest." (C. S.P. 30.)

The words in Mr. Goldie's letter " In the present sensitive condition of affairs," I took not to mean anything in connection with the Union Bank, but had reference to some trouble in the Commercial Bank in the previous February, rumors of which were gaining currency.

I never withdrew my resignation, but after some conversations with Mr. Goldie and the other directors in which anticipations were held out of a considerable curtailment of credits, I resumed attendance at the board meetings until I left for England in Dec. 1891. Meantime it was shown by minute of Dec. 9th, '91, C.S.P.7., that serious efforts were being made to carry out the reduction of balances.

A statement of the affairs of Messrs. John Munn & Co. to the end of 1891, furnished to the bank, showed some $100,000 surplus of assets over liabilities.

In March, 1892, $100,000 of capital was made available to Messrs. John Munn & Co.'s business out of W. P. Munn's estate, which business a few weeks previously, and before this $100,000 was available, I am informed was sworn to as solvent before the Supreme Court. Mr. Donnelly, one of the directors, had been in February requested by the board to go to England to see Mr. Bennett and ascertain if he intended to continue to carry Messrs. Munn's account, and what amount of capital Mr. Bennett had to carry such account.

Mr. Donnelly returned here in April and reported that Mr. Bennett was worth £60,000 sterling, and intended to carry Munn's account, but he wanted the Union Bank to encash Messrs. J. Munn & Co.'s bills on him to the extent of £20,000 sterling. This appeared a perfectly safe transaction, as it really amounted to enabling Munn to obtain an advance of £20,000 sterling, while the bank held for it Mr. Bennett's name worth £60,000 as well as J. Munn & Co.'s. This is

the exchange which has been alluded to as accommodation exchange. On Mr. Donnelly's report, the minute of 2nd May, 1892 (C. S. P. 8.) was passed, but so far from its being evidence that Messrs. Munn were insolvent at that time, as alleged by Mr. Gordon in his evidence, it was the outcome of a careful enquiry into Messrs. Munn's and Mr. C. T. Bennett's affairs, which satisfied the Bank that Mr. C. T. Bennett was quite able to carry the account and that J. Munn & Co. with the $100,000 additional available funds were quite safe; but the Bank Board desired Messrs. Munn to reduce the volume of their business and to have Mr. Donnelly to superintend the curtailment and to report to the bank.

Mr. Donnelly advised with Mr. Munn during 1892, and a considerable curtailment of the business was effected; and Mr. Donnelly reported from time to time to the bank. At one time he reported to the effect that the net profits realized for 1892 amounted to over $46,-000. This would show an available capital of from $510,000 to $200,000, which should be entire justification for valuing the account in full.

The bank received annual statements of Thorburn & Tessier's business from the time the firm commenced business, and these statements showed that the firm had a surplus of $80,000 or $90,000, and required no provision to be made for it in Bad and Doubtful Debt Fund in the Annual Statement.

Mr. Pinsent (Sept. 4) says "I have not examined the statement " (C. S. P. 26, 27, 28) in detail, but assuming the figures to be cor-" rect, there could be no doubt as to the solvency of the firm; also, " there was another statement which came in after the suspension of " the bank and submitted by the firm to the committee of the Legis-" lature. I think that statement showed a surplus of between $46,-" 000 and $50,000."

With regard to Baine, Johnston & Co., they had practically taken their account out of the bank books in 1890, in November, the month when supplying houses needed more accommodation than at any other season. This seemed to me an evidence of exceptional strength financially, and it appeared as if they could at any time put the account in proper shape.

The evidence of Mr. Goldie's letter shewed that in 1893, when this account grew to large dimensions and Mr. Grieve was called upon to reduce it, Mr. Grieve undertook positively to have the account in satisfactory condition by the end of the year, stating where the money was to come from to do it; and from my knowledge of Mr. Grieve, I felt assured that his undertaking would be carried out.

When the time arrived at which Mr. Grieve had promised to have his account in satisfactory condition (31st Dec., 1893,) and it was not so placed, it will be seen from Mr. Goldie's letter that Mr. Grieve offered to give security and to give a statement of the affairs of his firm and to curtail his business, which promises are confirmed in the letters from Baine & Johnston written by Mr. Robert Grieve. The statement was received, and shewed the Newfoundland business solvent; but there was no statement of Baine & Johnston's affairs, which firm was represented from their books to be worth £40-

000 stg. The statement of Baine, Johnston & Co's. affairs and the mortgage security was received here in 1894 (April I think) and the giving of the security was conclusive evidence that Baine, Johnston & Co. knew themselves to be solvent, or they would not have done what would in the case of their not being solvent have amounted to a preferential payment. At this time also, April 1894, they had two very large trips of seals in the *Hope* and *Panther*, which should have added $30,000 to their assets, and there was apparently much more property in sight than would have liquidated their indebtedness to the bank.

Mr. Gordon in his evidence, Oct. 11, 1895, says "during that "period, 1893-1894, we considered Baine, Johnston & Co. perfectly "solvent, and up to the suspension of the bank I had no reason to "doubt their credit."

I always considered Mr. Donnelly's real estate here and in Harbour Grace, together with his bank shares, as ample cover for his account. The not charging of interest on this account was in connection with an annuity to Mr. Donnelly's step-mother for which the Bank was liable under an agreement of many years ago.

As shown by the evidence, (Mr. Pinsent, Sept. 24) all three of the directors' accounts were smaller on 31st May, 1893, than on 31st May, 1892.

However, I was still desirous of vacating my seat at the Board, and requested in April, 1893, that the Bank should acquiesce in my desire and have some other shareholder elected in my place at the annual meeting shortly to be held; but, as will be seen by the correspondence, (C. S. P. 32) "it was the opinion of the directors that it "would not be in the interest of the bank and the trade that I should "carry out my intention of making operative at once the resignation "which I had tendered in August, 1891." I did not think that I ought to refuse to remain a few months longer if it were considered to be in the interest of the bank and the trade that I should do so. My letter shows that I only intended to remain a few months This correspondence indicates the position I held in the bank from 1891 to the annual statement of 1893, and in itself would negative any such thing as a conspiracy to act together to misrepresent in any way the affairs of the bank.

All this time I believed the directors' accounts were perfectly good. Were any proof wanting of my belief in the solvency of the directors' accounts, it can be found in the amounts of promissory notes from them to my firms paid during each of the years 1892 to 1894:

J. Munn & Co., 1892, $40,343.53; 1893, $26,545.41; 1894, $35,757.58; Thorburn & Tessier, 1892, $18,706.08; 1893, $12,560.47; 1894, $20,862.18; Baine, Johnston & Co., 1892, $5,485.41; 1893, $3,352.41; 1894, $4,532.41.

The sales continued up to almost the day of the crash, as shewn by Mr. Gillard's evidence. No sane man would sell on such lines had he doubted the solvency of the purchasers.

I had known some days previous to the 8th of December that Messrs. Prowse, Hall & Co.'s bills were refused payment, and I knew

that this must affect most seriously several of our St. John's firms, but my confidence in the Union Bank was so strong that on 8th December I bought from the bank £3,000 of 60 day sterling bills, and there were some £7,500 in all of these 60 day bills bought by my firm from the bank between 26th Nov. and 8th Dec. which were refused acceptance, and which we had to take up immediately after the suspension of the bank. Mr. Gillard swore that "a lot of that "exchange was bought without money and without price," but the account as put in evidence shows that the whole of it was bought with deposits of cash and with a small amount of discounts, except a part of the last bill bought on Saturday, 8th Dec. A portion of this bill (some $4,000) was paid for in cash on that day, and the balance would have been paid on Monday the 10th in cash and good bills had not the Union Bank closed its doors early on that day.

Had I had the slightest doubt of the stability of the bank I could have taken the greater part of the £7,500 in cable transfers, which would not have been affected by the crash.

Some evidence has been given as to the sales of shares, with a view, no doubt, of showing a want of confidence in the bank by the holders of the same. My firm and I have never sold a share of the Union Bank, except as between ourselves, since we first became shareholders.

Mr. Eugenius Harvey died in 1889, and Mr. Outerbridge and I were executors of his will. There were 90 shares of Union Bank stock belonging to this estate.

In process of realizing this estate, Mr. Outerbridge in 1892 placed these shares in Mr. Gillard's hands for sale with a limit as to price, which he was unable to obtain. But Mr. Gillard eventually offered to buy one half the shares himself if he were allowed the brokerage on them; and the sale to him was completed. The balance of the shares have been for sale ever since, but the sale was never pushed and there are still twelve unsold. I have no present personal interest in these shares.

The amount of notes discounted by the bank whereof my firm were endorsers was put in evidence as if it were a debt due by the firm to the bank. This was subsequently shown not to be so. But it may be well to note (as deposed by Mr. Stavert on November 6th) that the discounting of safe promissory notes is one of the most profitable and legitimate of the branches of the business of such banks as the Union, and the larger the amount offered of good notes by any customer the more valuable the account to a bank. Mr. Crowdy (Aug. 14) said "the annual average profit of Mr. Harvey's account to the "bank would be $17,600, and the profit for 1893–4 was $21,600. "There is usually much competition among banks for good discount "business."

I was under no obligation for doing this or any other business for my firm, as I could at very short notice have closed our account with the Union Bank and have obtained any such facilities as I re-

quired elsewhere. This was shown during the six months following my retirement from the directorate, and it was further shown when after the crash (by which we lost $50,000 to $60,000) we were able to do as much business as theretofore.

I am accused of being a party to making and publishing false statements, well knowing them to be false, for the purpose of defrauding some one, and of paying dividends for the same purpose.

Mr. Pinsent, the principal Crown witness, testifies (Sept. 2) to the fact that it was the duty of the manager, and the practice also, to compile the annual statement from the balance sheet of the books of the bank, and to submit it to the directors with a recommendation as to the disposal of the funds, and to draw up the annual report. Mr. Pinsent states that he assisted Mr. Goldie in preparing the statement of 1893, and that Mr. Goldie suggested what appropriations should be made for bad and doubtful debts, dividends, and bonuses, and the amount to be taken from reserve to allow the usual dividend to be declared.

Mr. Pinsent says, "During the last two years before his death Mr. " Goldie was, to my knowledge, a man of considerable means, and quite " independent of the directors and the Bank. I believe him to have " been a man of high honour and integrity, and he had long experience " as a banker. He began his banking career when he left school in " Scotland, and his reputation as a banker stood very high before he " came to this country and since. I believe he was not a man who " would make up a statement to lay before his directors with intent " to defraud. I believe he was not a man who would conspire either " openly or tacitly to enable directors to put a false and fraudulent " statement before the shareholders."

Referring to that statement of 1893, Mr. Pinsent says "I have " no doubt now that it was a correct statement from the information " he had at the time."

I believe the statement and report drawn up by Mr. Goldie to be true in every particular, and the directors adopted them without any alteration.

The financial catastrophe which overtook this community in December last is probably without parallel in the civilised world, and from the state of affairs it left behind it, it is almost impossible to judge dispassionately of the position of matters that obtained here before that date. The community were suddenly deprived of all money and circulating medium, and property became almost unrealizable at any reasonable price, and a decline in value of some kinds of mercantile assets of fifty to seventy five per cent. took place. Under these circumstances, accounts that may have been perfectly solvent in May 1893–4, may very well have only realized at forced sales 30 to 40 cents in the dollar in 1895.

Mr. Pinsent (Sept. 2) further deposes that a careful estimate was made by Mr. Goldie in May, 1893, for the annual statement, of all debts that might be considered bad or doubtful.

Mr. Pinsent testifies that Mr. Goldie "would probably know

"of the affairs of individual customers with regard to the accounts "of the Bank than the Board would know."

Mr. Goldie's affidavit is attached to the 1893 statement, and Mr Pinsent's to that of 1894; and the 1894 statement corroborates the 1893 statement after a period of twelve months.

It is clearly shown from Mr. Pinsent's evidence (Aug. 28) that I never saw the annual statement and report of 1894, and consequently could have had nothing to do with them: I was out of the Colony before they were prepared, and I never saw them till after the crash.

Before leaving St. John's on 9th. June 1894, I had sent in my resignation and had asked to have the shareholders informed so that they might elect some other shareholder in my place at the Board.

Mr. Pinsent testifies on August 28th, "After 9th June, as a "matter of fact, Mr. Harvey knew nothing whatever of the manage- "ment of the Bank. Mr. Harvey did not at any time see the "statement and report of 1894," and, speaking of my resignation, he says, "in my opinion there is no ambiguity as to the meaning and "finality of Mr. Outerbridge's letter."

That Mr. Pinsent, pro-manager at that time and subsequently manager, and the directors, fully understood and acquiesced in my retirement is proved by evidence. Mr. Pinsent says (Sept. 24).

"It was the custom of the bank to pay its officials up to the end "of the month in which their office ceased," and, "The directors "received fees semi-annually" in "June and December usually, and, "the whole sum allotted for directors' fees for the half year ending "30th November 1894, has been divided between Sir Robert Thor- "burn, Messrs. Grieve, Munn, and Donnelly."

Although I had nothing to do with and am not responsible for the 1894 Report and Statement, I desire to refer to the evidence in regard to it as proof (if any were needed) of the correctness of the 1893 Statement.

Mr. Pinsent testifies (Aug. 28) that he "prepared the 1894 state- "ment and submitted it to the directors." He further says, "there "was nothing between me and the directors in the nature of a con- "spiracy or an agreement to misrepresent the true state of the ac- "counts.....There was no discussion to that end among the directors "themselves, to my knowledge. I was present at all meetings of "directors at the time."...."From the information I then had, that "statement was a bona fide one of the results of the bank's business "for the year, prepared by me honestly and in good faith, and showing "a balance of profits for the year out of which dividends and bonus "could honestly be paid."...."I considered these proposals of 1894 "honest and right for the Bank and for the shareholders."...."I "made oath before the Magistrates subsequently to the correctness "of the statement. I had no intention of putting before the directors "for their adoption a statement of profits and a proposal to deal with "the apparent profits for the year which could have subjected them "to an accusation of an intent to deceive and defraud the shareholders. "On the contrary, it was my intention that the statement of profits "and their appropriation should be perfectly honest."

It is no uncommon thing in times of financial panic for the soundest and most conservative business houses to be brought to ruin,

and there has probably never been in any other civilised business community quite so terrible a financial catastrophe as overtook Newfoundland in December last. There was simply no money left to the community. The currency had consisted almost entirely of local bank notes, which for purposes of exchange became valueless. With no circulating medium, with no bank to render assistance, it is not singular that the mercantile houses who had the larger portion of the year's produce in their stores, to pay for which they had largely borrowed of the Banks in the usual way of business, had to succumb; and with the collapse in the selling value of all kinds of property, assets were reduced to one half and in some instances to one quarter their previous value. Instances have occurred in Messrs. Jno. Munn & Co.'s assets, where four steamers costing originally $250,000 are sold for $40,000. Premises which cost and were worth to a going concern $30,000 are sold for $5,000; other premises which cost $30,000 are sold for $6,000. The value of a vast deal of property is simply wiped out altogether. The wonder is not that businesses, which were solvent before the crash, after it only can pay from 40 to 60 cents, but that so many of them can pay so much.

Mr. Pinsent says "the immediate cause of the crash in St. John's "was the closing of the Commercial Bank and a run also on the "Savings Bank. The run upon the Union Bank and the demand "made by the Savings Bank for specie were the causes of the Union "Bank closing its doors. No customer of the Union Bank had fail-"ed before it closed its doors."

This is the account of the closing of the Union Bank given by the Manager. It was the suspension of the Bank which brought down its customers, and not the failure of the customers which closed the Bank doors. Once the doors were closed the assets of the Bank and customers alike suffered almost incalculable damage. In the violent panic which ensued on the closing of the Commercial Bank (presuming that the Union customers were all solvent) the Bank would have to suspend specie payments because the Savings Bank took possession of its gold and silver, the only legal tender money in the Island; and until time was given it to import specie, its doors must have been closed.

For the fo going reasons and for others disclosed in the evidence, I submit that the Crown has not made out the case as stated in the informations, and also that no case whatever has been made out against me in support of the charge that I knowingly or wilfully published or conspired to publish a false or fraudulent statement of the affairs of the Union Bank in 1893 and 1894; and I further submit that I was not a party to the report and statement of 1894.

A. W. HARVEY.

Statement of Robert Thorburn :

I came to the colony in the spring of 1852, being then in my sixteenth year, and have been 43 years continuously engaged in the business of the country. My first few years were spent in the concern of Messrs. Baine, Johnston & Co., at that time doing a large and profitable business under the management of the late James and Walter Grieve. When the latter retired from that firm in 1862 I rejoined him as junior partner in the firm of Walter Grieve & Co. which had a branch in Trinity successfully managed by the late A. W. Bremner. the head quarters of the firm being in Greenock, Scotland, where Mr. Grieve resided, I being the managing partner in St. John's, and continued to act in that capacity from the formation of the firm in 1862 until its termination in 1888.

For a number of years the firm had a successful career as far as Newfoundland business was concerned, but unfortunately Mr. Grieve sustained considerable losses by outside speculations, and at his death early in the year 1887 I was the sole surviving partner, and although the business might then fairly have been considered solvent as a going concern, the capital remaining was considered too small to continue the business on its former lines, whilst to wind it up abruptly would have doubtless resulted in a sacrifice of much of the valuable assets and the loss consequent on such forced realization. In the spring of 1888 arrangements were made whereby the sealing steamers of the firm were put into a "limited liability Co." and the firm's interest in the Trinity trade disposed of to its present proprietor, R.S. Bremner, Esq.

The remainder of the then considerably reduced business of W. Grieve & Co. was handed over to the new firm of Thorburn & Tessier, which Mr. James C. Tessier joined under an arrangement with the Union Bank, the firm having the option of taking any or all of the assets of the old concern at a valuation to be mutually agreed upon, or disposing of them on a commission. As a matter of fact most of the connections of the firm of W. Grieve & Co. were taken over by the new firm at a valuation agreed upon by Mr. Tessier personally, whilst articles of merchandize and foreign shipping were valued by special appraisers. Mr. Tessier paid in $36,000.00, and an equal sum was deposited to my credit by the Union Bank, the whole of which I returned to the bank, besides other payments, with interest, by the spring of 1892, as appears in evidence. Statements of the affairs of Thorburn & Tessier, with abstract of Profit and Loss accounts showing the amounts written off for each year's business, were regularly furnished to the bank, whereby the manager and directors could judge of the solvency of the firm.

The last of these statements was furnished at the close of the business of 1893, when there appeared fully $80,000 at the credit of the partners, besides some $30,000 of other available investments, and

that after carefully writing down all fishery balances. No statement was made for 1894, as the bank had suspended before the usual time for its preparation, but no material change had taken place in the firm's affairs, nor had it sustained any loss of a serious character during the currency of that year, and there is no reasonable doubt that its solvency as a going concern could have been easily demonstrated at any time prior to the crash of December, '94. The very large holdings of the firm, at that date, of fish and oil, all of which were subsequently realized without loss if not with considerable profit, as shown by the evidence of the Trustees of Thorburn & Tessier, proves this best.

Comments have been made during the progress of those investigations on the different statements made by the firm of Thorburn & Tessier. The first of those were furnished for information of the Committee of the Legislature appointed immediately after the crash to investigate the bank's affairs, and when my belief in the solvency and ultimate re-opening of the bank was as pronounced as most of the public. The valuations in that statement were made from that of 1893 as a going concern, and with reference to the expectations of the re-opening of the bank, in which case the continued solvency of the firm might reasonably have been expected.

This statement showed a surplus of assets over liabilities of $46-000. The second statement was made up some days later at the instance of the bank after they had requested an assignment, before inventories were completed, and was, as stated, partly compiled from actual figures and partly from estimates, having regard to the uncertainty of the bank's resuming business, and in the fuller view of the crash and its consequences and probable forced liquidation rendering valuations entirely speculative.

This second statement was printed and submitted to the first meeting of the creditors of Thorburn & Tessier, although I had expressed a wish to have it first verified by the trustees then appointed but not having acted. In this I was overruled, but they subsequently found the printed statement to be substantially correct, and not materially different from their own statement, of which it formed the basis which was submitted at the second meeting of the firm's creditors, at which 60 cents was offered and refused by the representatives of the bank, not 50 cents, as was erroneously stated in evidence. The general creditors here and elsewhere had previously almost unanimously agreed to accept 60 cents. On the trustees' statement the assets showed that the firm would pay 70 cents.

I have been a member of the Board of Directors of the Union Bank for 32 years, and chairman by reason of seniority for the past 18 years. The business of W. Grieve & Co., extending over a period of 25 years, was confined entirely to the Union Bank, and was a very profitable account for that institution. Its annual business with the bank averaged considerably over three quarters of a million dollars, and during the whole currency of the account not a single cent of rebate of interest or allowance of any sort whatever was ever made. The same may be said of its successor, Thorburn & Tessier, covering the years 1888 to 1894, with the exception of the comparatively small loss of $4,000 sustained in realizations of the firm's Greenock pro-

perty, which was, however, more than compensated by a gain of $17,000 on St. John's real estate consumed in the fire of 1892. I am innocent of the charges made against me. As to the first charge my reply is that I did not falsely and fraudulently make and publish the written statement known as the "39th annual report and general "statement of the affairs of the Union Bank of Newfoundland for the "year ending the 31st May, 1893," knowing the same to be false, with the intention of deceiving and defrauding the shareholders of the said bank, nor did I afterwards pay a dividend and bonus for the said half year, knowing that the bank had no profits to divide. As to the second charge, my reply is that I did not, on the 17th of June, 1893, nor at any other time, with the intention of deceiving and defrauding the shareholders, creditors and customers of the said bank, conspire falsely and fraudulently to publish and represent to the shareholders and creditors and customers of the bank, that the bank was in a prosperous and sound condition, knowing at the time the affairs of the bank were in an unsound condition. As to the third charge, my reply is that I did not on the 12th day of Dec. A. D., 1893, nor at any other time, with the intention of deceiving and defrauding the shareholders and customers of the said bank, conspire falsely and fraudulently to represent to shareholders and customers that the said bank was in a sound and prosperous condition, knowing at the time the affairs of the bank were in an unsound condition. As regards the charges against me bearing on the statement and report of the Union Bank of Newfoundland, 1894, my answer is the same as that made to the foregoing charges.

The Union Bank was in my opinion solvent on the 17th day of June A.D. 1894, and although since the 10th day of Dec. '94 the great number of its large debtors have become insolvent and the bank has closed its doors. That is a result that could not have been anticipated by the directors. In making up the assets for the annual statement of the years 1893, 1894, not one bad or doubtful debt was ranked among the assets by the directors, and this process of valuation of such accounts in the bank was made with the additional knowledge that the owners of the accounts had themselves, before submitting their annual statements to the banks, charged off to profit and loss in whole or in part every bad and doubtful debt due them.

All the estimates and valuation of assets were based upon a normal condition of affairs and the immense shrinkage in the realised assets of the bank's debtors, in some cases over 75 per cent and in the best estates nearly 50 per cent, is altogether due to the commercial catastrophe which on Dec. 10th '94 prostrated the trade and commerce of the colony, and which could not by any human foresight have been anticipated. I had no personal interest in making any false representations or false statements to the shareholders or customers of the bank. The account of my firm, it is true, was at the bank, but as against any accommodation I may have received, the bank had every security, every cent worth of property I was possessed of, and by the failure of the bank my partner and I have been rendered penniless.

I was a director of the Union Bank for over thirty years, and during that time I devoted all my energy towards the advancement of

the interests of those who owned it and dealt with it. The conditions and causes which led to its failure and brou[illegible]niury and loss on so many was not our making, but was the outcome [illegible] system which had become a part of the trade and business of [illegible].ole colony. If we have erred, our error was in being over sanguine in our estimates and calculations. This is not, I submit, sufficient to found the criminal conspiracy and fraud laid against us.

ROBERT THORBURN.

St[illegible]nt of Walter Baine Grieve.

I am innocent of the charges made against me. From Jan. 23rd, 1893, to May 20th, 1893, I was absent from the colony, and consequently not closely connected with the bank's affairs, but I signed the annual statement of the Union Bank for the year ending May 31st, 1893, in good faith, believing it to be a fair and truthful statement of the bank's affairs in the light of the information I then had, having implicit confidence in the Manager and my co-directors. I did not know or believe it to be false. I did not assent to its publication for the purpose of defrauding any person. If it overstated the actual value of the bank's assets, the overstatement was an error of calculation and not of intention. From January, 1894, to June, 1894, I was again absent from the colony, upon matters connected with the trade of the firm of which I was a member. I did not sign the annual statement of the Union Bank for the year ending May 31st 1894. I did not agree to the making of that statement either expressly or impliedly. I did not conspire with any one to have it made, or procure, or aid, or concur in the making of it.

In 1893 I was a member of the firm of Baine, Johnston & Co., which had long been connected with the trade of this colony. The partnership, as then constituted, was formed in 1880, when my father retired, and my brothers Robert Grieve and James Grieve, of Greenock, William Grieve, of London, and I, entered into co-partnership. Our capital invested in the firm then was £59,368 sterling. In addition, we had the use of a large amount of money belonging to relatives. In 1887 my father loaned the firm £24,000 stg. which he afterwards made a gift to the partners in equal shares. In 1889 the partners invested in the firm's business £6000 stg. which they had received from an investment in a sugar refinery, not part of the firm's assets, or made out of its money. In addition, between 1889 and 1894, I invested in the firm's business the sum of £7564. 17 shillings of private means of my own. From Feb. 7th, 1890, to Feb. 7th, 1894, my total private drawings from the firm amounted to £8,266, 3s. 8d sterling, while during the same period, the cash actually paid into the firm by me, or on my behalf, was £15,255, 7s. 6d sterling, or £6,989, 3s. 10d sterling more than I received, which amount, beside all my original capital, and all my years of unpaid toil, was lost to me in the failure of the firm. I was personally in good circumstances when the firm was formed in 1880; to-day I have no private property; and during the continuance of the partnership I obtained nothing from the firm for my services to it.

The head office of the firm was at Greenock. Robert Grieve and James Grieve were in charge there. William Grieve, who did business in London, took no active part in affairs. His entire original capital, together with subsequent large investments, with merely nominal withdrawals by him, was lost to him by the firm's failure. I

had charge of the business here. The books of the firm here were distinct from those kept in Scotland. Shipments of produce were charged to the firm in Scotland at a valuation, and the ultimate profit or loss on the shipments was carried through the profit and loss account of the firm there. Several large vessels were operated by the firm at home, which also dealt in sugar, rice and other things, without direct personal participation by me. As a result a profit was shown on the books here in some years, when there was an actual loss on the year's business by the firm as a whole, and the consequence was that the partners at Greenock were relied upon by me for information as to the condition of the firm's affairs.

My brother has sworn that it was not until the spring of 1894 that he—the senior partner—realized that the firm was embarrassed, and while I personally knew our obligations were onerous, I also knew our assets were large, and relying upon this fact, and also, insensibly perhaps, upon the prospects of business, as I comprehended them, I had no doubt in May, 1893, of the firm's capacity to meet its liabilities in full. In 1894 I still supposed the firm's resources equal to meeting its obligations, with time, and that ultimately all would come out in good shape.

In 1894 the firm lost heavily by shipments made by the house in Greenock, and upon fishery adventures. The total loss in 1894 did not accrue, however, till late in the year, being over £22,000 stg. An outlook which had seemed to me in 1893 to be without danger was thereby materially altered in 1894, and I emphatically declare that the firm's position at the end of the latter year, and the realizations from its estate since the insolvency, are grossly unfair as basis for calculation as to the position and prospect on May 31st, 1893, or on May 31st, 1894.

Our attention has been drawn to the fact (1) that the total liability of Baine, Johnston & Co., to the Union Bank of Newfoundland, was greater on Nov. 30th, 1894, than on the same date in 1893, by about $120,000; and (2) that a larger amount of cable transfers was obtained by Baine, Johnston & Co., from the Union Bank in 1894 than in 1893. But by reference to the books of the firm it will be seen that the increase of liability to the Union Bank in 1894 is more apparent then real, for in the latter year there were in the stores of the firm about $75,000 worth of fish more than at the same time in the previous year, which, but for the crash, would have gone forward later to reduce the balance due the bank; and also that in 1894 bills payable by the firm in respect of produce purchased amounted to $50,000 less than in 1893, leaving that much more free to go into bank when the fish went forward. In short, in 1894 there were $125,000 more than in 1893 available to reduce the balance due to the bank, so that had the mercantile crash of December, 1894, not involved the firm, its liability to the Union Bank by the beginning of 1895 would not have been materially larger than at the commencement of 1894.

The amount of cable transfers was abnormally large in 1894 by the necessity of meeting large bills drawn by Baine, Johnston & Co. for the Union Bank in the spring of that year, and accepted with the clear understanding that they should, if necessary, be met by the

Bank itself, if payment by Baine & Johnston when due were inconvenient or impossible, in consequence of the season of the year when they would become due. I was absent from the colony when the exchange was drawn, and also when the cable transfers alluded to were made, and am not therefore responsible for the transactions. Efforts have been made to prejudice the case against the defendants now on trial, by making the liabilities of the various firms to the Union Bank appear abnormally large.

It should be borne in mind that large accommodations are inseparable from the peculiar trade of the colony, had long been the rule in the trade and by the bank, and were the source of the large profits made for the shareholders by the banks over a long series of years. Large stocks had to be carried by supplying houses. Long credits had to be given to dealers. Realizations were slow. Accommodation paper was not here,as elsewhere, very largely resorted to. To permit what are commonly called overdrawn accounts to firms in trade was therefore the considered and accepted method of business by local banks for very many years, almost since their institution, to meet the peculiar needs of a peculiar trade. If this had not been so, the trade of the colony in its entirety could not have been carried on by those engaged in it. Tight money and little credit means low prices, as the experience of this year proves, and but for the accommodation afforded by the local banks low prices would have been the rule in the past. If they had been, the merchants might have been better off, but the fishermen poorer, and if the policy led to the crash, and to its results, it is the fishermen of the colony, on the one hand, and shareholders in the bank on the other, emphatically not the merchants, who have obtained the benefit in the past. I am not defending the policy —I am simply explaining the reasons for it and effects from it, and protesting against blame being imposed upon myself and others who, blindly perhaps, but nevertheless in good faith, accepted conditions as we found them, and followed out a system which all knew, all acted upon, and all profited by for a time, and which is now condemned because of results flowing from it which we no more foresaw than thousands who profited from it. I have only to add for myself that I did not know or believe any firm whose debt to the Union Bank was treated as an asset in the annual statement of 1893, and unprovided for on the liability side, to be insolvent or embarrassed; I knew that large sums were due by firms of which directors of the bank were partners, but I also knew these firms to be each doing a large amount of business, and I saw no reason to doubt their solvency. I did not doubt the solvency of Baine, Johnston & Co. as I have said, and I certainly gave no reason to my co-directors to doubt it, nor do I think they did. I most sincerely believe now that had the various debtors of the Union Bank been treated as they would have been, and should have been, under ordinary circumstances, the loss ultimately incurred by the Union Bank would not have been great. The directors cannot reasonably be blamed for estimating the value of debtors' assets in 1893 and 1894 by the realizations made this year by trustees of insolvent estates under conditions never paralleled heretofore. If debtors were able to continue business, their debts were worth their face amount. If the debtors had to become insolvent, a fair estimate of the value of the debts was the amount of dividend likely to be paid

upon them if the debtors' assets were realized when the local banks were operative, and trade otherwise in its normal condition. Human foresight could not have foreseen—I certainly did not foresee,—that both local banks would close almost simultaneously, that every large firm in the country would be embarrassed at the same time, that the Government Savings Bank would practically close its doors at a critical point, that the Government of the colony itself would practically be bankrupt (not as a result of the crash, but as a coincidence resulting from over-expenditure) and that the assets of the Union Bank and its debtors would be realized during a panic of unexampled magnitude. And yet it is to a very large extent because of the prejudice created by the small result of realizations made in this way that the directors of the Union Bank are charged with fraudulently misstating its affairs in 1893 and 1894.

W. B. GRIEVE.

Statement of William John Sinclair Donnelly.

I am innocent of the charges made against me. When signing the annual statement of the Union Bank for the years ending May 31st, 1893, and May 31st, 1894, I believed them to be correct. I did not intend to defraud any person. I had no personal object to serve. I could in no material way be benefitted even temporarily by defrauding others. I was, it is true, indebted to the bank, but I believed the shares standing in my name, life policies and other property sufficient security for that debt, and did not therefore consider improper the inclusion of that debt in the statements as an asset, the possible loss upon it being covered by contingent and other accounts. No considerable debt due the bank, unprovided for, was in my opinion at the periods named unfit to be considered and stated as an asset. I considered the firms of which certain directors were members able to meet their obligations, or their assets to be sufficient to make serious loss under normal conditions improbable, and I possessed no information to lead me to believe otherwise. I did not become director of the Union Bank until 1884, at a time when its methods of business had long been fixed, and I did not consider, and I do not now believe, that the bank affairs internally changed materially for the worse during the years I was on its board of directors. If the assets of its debtors grew less valuable by changed conditions outside the bank, the fact and its causes were unknown to me.

The late Mr. Goldie was manager when I became a director, and had been for some years before. He continued in office until the spring of 1894. He was an official in whose uprightness and ability all reposed implicit confidence. It was his duty to prepare the annual statement, and he did so in 1893. I unquestioningly accepted it as accurate because of the faith I had in Mr. Goldie's knowledge and judgment. Mr. Goldie remained in actual charge until May 31st, 1894, after which his duties were performed by Mr. Pinsent, who had for many years occupied a responsible position in the bank. Mr. Pinsent prepared the statement for 1894, and as it was in the usual form, and practically a digest of the account supervised for the greater part of the year by Mr. Goldie, I signed it with the confidence in its accuracy I had always felt when Mr. Goldie was manager.

W. J. S. DONNELLY.

A.—W. H. C. 1.

General Statement of the affairs of the Union Ba..

LIABILITIES:

To Proprietors Capital		$ 456,000 00
To Reserve Fund		300,000 00
To Profit and Loss (undivided profit)		9,244 63
To Bank notes in circulation		606,162 00
To Due by Bank, including deposits at interest payable in January and July only on receiving 15 days notice		3,338,351 60
To Dividend No. 76 of 6 per cent. for half-year ending 30th November 1892	$ 27,360	
To Dividend No. 77 of 6 per cent. for half-year ending 31st May 1893	27,360	
To Bonus No. 35 of $3 per share for year ending 31st May 1893	13,680	
	68,400	
Less Dividend to 30th November last paid	27,360	41,040 00
		$ 4,750,798 23

Average amount of Notes in circulation and Specie on hand for each month of the year ending 31st May, 1893.

1892.	Circulation.	Specie.	1892.	Circulation.	Specie.
June	531,289	248,566	December	718,918	201,316
July	568,912	240,013	January, '93	682,453	199 39
August	594,172	227,577	February	668,538	201,483
September	612,267	218,876	March	628,108	205,267
October	694,307	208,143	April	633,953	204,732
November	760,021	202,231	May	618,429	200,787
			Average for the year	643,030	213,198

of Newfoundland, for the year ending 31st May 1893.

ASSETS :

By Specie in vault of the Bank	$ 199,169 01
By Notes of other Banks	831 00
By Bills discounted, Loans etc.	2,363,728 10
By Balances due by Banks and funds available in 15 days	2,171,070 12
By Bank Premises, Iron Safes and Furniture	16,000 00
	$ 4,750,798 23

We the undersigned Directors of the Union Bank of Newfoundland hereby certify that to the best of our knowledge and belief the within is a true and correct statement of the affairs of the Bank.

ROBERT THORBURN,
Chairman.
A. W. HARVEY,
W. B. GRIEVE,
W. J. S. DONNELLY.

NEWFOUNDLAND,
St. John's
To wit.

James Goldie, of St. John's, Manager of the Union Bank of Newfoundland, maketh oath and saith that the within statement is just and true to the best of his knowledge and belief.

Sworn before me at St. John's, aforesaid, this 13th day of June A.D. 1893.

JAMES GOLDIE,
Manager.

J. G. CONROY, J.P.

B.—W. H. C. 2.

Union Bank of Newfoundland,
St. John's, 17th June, 1893.

THIRTY-NINTH ANNUAL REPORT.

The Directors have pleasure in again meeting the proprietors and submitting for their information the usual abstract statement of the affairs of the Bank, for the year ending 31st May 1893.

The net profits of the year, after all deductions for expenses of management, rebate, interest on bills discounted not yet due, computed interest on deposit receipts outstanding, and making full provision for all bad and doubtful debts, are $31,216.20, making with $6,428.43 balance at credit of Profit & Loss account last year, and $40,000 transferred from Reserve Fund, a total of $77,644.63, which your Directors have appropriated as follows, viz:—

For Dividend of 6 per cent. paid in December last.....	$27,360 00
For Dividend of 6 per cent. to be paid on 21st inst.....	27,360 00
For a Bonus of $3 per share to be paid on 21st inst.....	13,680 00
and leaving a balance at credit of Profit & Loss acct. of...	9,244 63
	$77,644 63

The Directors regret to have to inform the stockholders of a heavy loss sustained by the suspension of Messrs. P. & L. Tessier (old and valued Customers of the Bank) and as the balance of Profit & Loss account was not sufficient to pay the usual Dividend and Bonus, your Directors considered it preferable to draw from the Reserve Fund, than to make any reduction of the Dividend, which they trust will meet with your approval. In conformity with the Act of Incorporation the Directors now retire from office, and being eligible, again offer themselves for re-election.

C. 1.—W. H. C. 3.

Dr. *Balance Sheet after transfer of the year's profit.*

CASH.

Notes of this Bank	$ 1,673,003 00	
Notes of other Banks	831 00	
Specie	199,169 01	$ 1,873,003 01

DUE FROM OTHER BANKS AND AGENTS.

Bank of Liverpool	60,092 93	
Bank of Nova Scotia	19,152 34	
Bank of Montreal	20,923 36	
National Bank of Commerce, New York	51,823 76	
Merchant's National Bank, Boston	12,544 46	
Commercial Bank of Newfoundland	37,200 00	201,736 85

DUE TO THE BANK, INCLUDING BILLS DISCOUNTED.

Local Bills discounted	393,369 79	
British Bills of Exchange purchased	19,533 27	
Colonial Bills of Exchange remitted to agents.	30,700 00	
Current Accounts	1,768,124 68	
Past due Bills	90,185 57	
Returned Bills of Exchange	18,895 32	
Union Insurance Co., Liverpool open policy..	238 12	
Adjusting Interest Account	26,052 01	
Nfld Government Debentures 5 per cent.	34,319 85	
City of Halifax School Bonds 6 per cent	2,000 00	
City of St. John N.B. Debentures 6 per cent.	9,800 00	
New York City 5 per cent. Bonds	250,000 00	
New York, Ontario & Western R. Co., 4 per cent. Bonds	200,000 00	
Hannibal & St. Joseph Con. 6 per cent. Bonds	100,000 00	
St. Paul, Minn. & Manitoba R. Co. 4 per cent. Bonds	200,000 00	
Chicago & North Western Sinking Fund 5 per cent. Debentures	138,000 00	
New York, Chicago & St. Louis 1st Gold Bonds 4 per cent.	250,000 00	
Chicago, Rock Island & Pacific Extension & Col. 5 per cent. Bonds	100,000 00	
Pacific Rd. of Missouri 1st Gold Bonds 4 per cent.	250,000 00	
Chicago, Burlington & Quincey 5 per cent. Debentures.	150,000 00	
Columbus Hacking Valley & Toledo Con. Gold Bonds 5 per cent.	50,000 00	
Chicago & Erie 1st Gold Bonds 5 per cent.	250,000 00	4,331,218 61
Exch. acct.	1,842 76	
Bank premises	16,000 00	17,842 76
		$ 6,423,801 23

Union Bank of Newfoundland, 31st May 1898. Cr.

NOTE ACCOUNT.		
In circulation	$ 606,162 00	
On hand Issuable	1,651,003 00	
Ditto unissuable	22,000 00	2,279,165 00
DUE TO BANK AGENTS AND OTHER BANKS.		
Union Bank of London		58,202 38
CASH DEPOSITED NOT BEARING INTEREST.		
Current Accounts	1,880,024 95	
Less Savings Bank Balance	1,310,282 80	569,742 15
CASH DEPOSITED BEARING INTEREST.		
Deposit Receipts	1,071,190 00	
Add Savings Bank Balance	1,310,282 80	2,381,472 80
Interest Account Deposit Receipts	29,900 00	
Suspense Account	557 20	
Dividend No. 76	342 00	
Dividend No. 77	27,360 00	
Bonus No. 35	13,680 00	
Discounts & Premiums on Bonds purchased	8,127 64	79,966 84
Colonial Exchange Account	31,274 15	
Bad and Doubtful Debt Fund	258,733 28	
Capital Stock paid up	456,000 00	
Reserve Fund	300,000 00	
Profit & Loss undivided	9,244 63	1,055,252 06
		$ 6,423,801 23

Balance Sheet, Union Bank of

CASH.

Notes of this Bank	$ 1,739,496 00	
Notes of other Banks	6 850 00	
Specie	192,809 89	$ 1,939,155 89

DUE FROM OTHER BANKS AND AGENTS.

Bank of Liverpool	9,699 84	
Bank of Nova Scotia	41,937 57	
Bank of Montreal	19,813 22	
National Bank of Commerce, New York	21,943 70	
Merchant's National Bank, of Boston	19,026 39	
Commercial Bank of Newfoundland	46,600 00	170,320 72

DUE TO THE BANK, INCLUDING BILLS DISCOUNTED.

Local Bills discounted	591,988 27	
British Bills of Exchange purchased	95,887 05	
Colonial Bills of Exchange on hand	222 30	
Do. do. remitted to agents.	73,160 26	
Current Accounts	2,318,275 65	
Past due Bills	83,778 09	
Returned Bills of Exchange	18,895 32	
Union Insurance Co., Liverpool open policy	238 12	
Newfld. Government Debentures 5 per cent.	34,319 85	
City of Halifax School Bond 6 per cent	2,000 00	
City of St. John N.B. Debentures 6 per cent.	9,800 00	
New York City 5 per cent. Bonds	250,000 00	
New York, Ontario & Western R. Co., 4 per cent. Bonds	200,000 00	
Hannibal & St. Joseph Con. 6 per cent. Bonds	100,000 00	
St. Paul, Minn. & Manitoba R. Co. 4 per cent. do.	181,000 00	
Chicago & North Western Sinking Fund 5 per cent. Debentures	50,000 00	
New York, Chicago & St. Louis 1st Gold Bonds 4 per cent.	150,000 00	
Chicago, Rock Island & Pacific Extension & Col. 5 per cent. Bonds	100,000 00	
Pacific Rd. of Missouri 1st Gold Bonds 4 per cent.	162,500 00	
Chicago, Burlington & Quincy 5 per cent. Debentures	150,000 00	
Columbus Hocking Valley & Toledo Con. Gold Bonds 5 per cent.	50,000 00	
Chicago & Erie 1st Gold Bonds 5 per cent.	250,000 00	4,871,564 91
Bank premises	16,000 00	
Charges account	14,634 88	30,634 88
		$ 7,011,376 40

Newfoundland, 30th November 1893. C.

NOTE ACCOUNT.		
In circulation	$ 789,669 00	
On hand Issuable	1,655,496 00	
Ditto unissuable	84,000 00	
		2,529,165 00
DUE TO BANK AGENTS AND OTHER BANKS.		
Union Bank of London	226,927 39	
National Bank of Commerce N. York, loan acct.	193,850 00	
		420,777 39
CASH DEPOSITED NOT BEARING INTEREST.		
Current Accounts	1,940,012 36	
Less Savings Bank Balance	1,212,996 85	
		727,015 51
CASH DEPOSITED BEARING INTEREST.		
Deposit Receipts	958,284 00	
	1,212,996 85	
		2,171,280 85
Interest Account Deposit Receipts	26,500 00	
Interest Account	38,068 31	
Suspense Account	557 20	
Dividend No. 76	216 00	
Dividend No. 77	906 00	
Bonus No. 35	453 00	
Discounts & Premiums on Bonds purchased and sold	6,146 35	
		72,846 86
Colonial Exchange Account	29,170 94	
Exchange Account	31,214 42	
Bad and Doubtful Debt Fund	258,733 28	
Capital Stock paid up	456,000 00	
Reserve Fund	300,000 00	
Profit & Loss undivided	15,172 15	
		1,090,290 79
		$ 7,011,376 40

C. 3.—W. H. C. 3.

Dr. Balance Sheet, Union Bank of Newfoundland.

CASH.		
Notes of this Bank	$ 1,704,585 00	
Notes of other Banks	517 00	
Specie	196,974 82	$ 1,902,076 82
DUE FROM OTHER BANKS AND AGENTS.		
Bank of Liverpool	37,359 41	
Bank of Nova Scotia	31,662 18	
Bank of Montreal	37,602 98	
National Bank of Commerce, New York	22,386 74	
Merchant's National Bank, Boston	16,773 90	
Commercial Bank of Newfoundland	44,500 00	190,285 21
DUE TO THE BANK, INCLUDING BILLS DISCOUNTED.		
Local Bills discounted	498,469 41	
British Bills of Exchange purchased	1,041 93	
Colonial Bills of Exchange on hand	155 00	
Do. do. remitted to agents.	34,311 42	
Current Accounts	2,243,211 49	
Past due Bills	62,307 10	
Returned Bills of Exchange	18,895 32	
Union Insurance Co., Liverpool open policy	238 12	
Adjusting Interest Account	23,101 93	
Newfld. Government Debentures 5 per cent.	34,319 85	
City of Halifax School Bonds 6 per cent	2,000 00	
City of St. John Debentures 6 per cent.	9,800 00	
New York City 5 per cent. Bonds	250,000 00	
Hannibal & St. Joseph Con. 6 per cent. Bonds	100,000 00	
St. Paul, Minn. & Manitoba R. Co. 4 per cent. do	181,000 00	
Pacific Rd. of Missouri 1st Gold Bonds 4 per cent.	112,000 00	
Chicago, Burlington & Quincy 5 per cent. Debentures.	150,000 00	
Columbus Hocking Valley & Toledo Con. Gold Bonds 5 per cent.	50,000 00	
Chicago & Erie 1st Gold Bonds 5 per cent.	250,000 00	4,020,791 57
Bank premises	16,000 00	
Discounts & Premiums on Bonds purchased and sold	31,176 78	47,176 78
		$ 6,160,330 38

after transfer of the year's profits, 31st May 1894. Cr.

NOTE ACCOUNT.

In circulation	$ 616,080 00	
On hand Issuable	1,700,585 00	
Ditto unissuable	4,000 00	
		2,320,665 00

DUE TO BANK AGENTS AND OTHER BANKS.

Union Bank of London		129,561 69

CASH DEPOSITED NOT BEARING INTEREST.

Current Accounts	1,664,935 97	
Less Savings Bank Balance	1,144,846 62	
		520,089 35

CASH DEPOSITED BEARING INTEREST.

Deposit Receipts	865,864 00	
Add Savings Bank Balance	1,144,846 62	
		2,010,710 62
Interest Account Deposit Receipts	26,900 00	
Suspense Account	557 20	
Dividend No. 78	126 00	
Dividend No. 79	27,360 00	
Bonus No. 36	13,680 00	
		68,623 20
Colonial Exchange Account	18,715 38	
Exchange Account	19,912 07	
Bad and Doubtful Debt Fund	258,733 28	
Capital Stock paid up	456,000 00	
Reserve Fund	320,000 00	
Profit & Loss undivided	7,319 79	
Contingent Account	30,000 00	
		1,110,680 52

$ 6,160,330 38

C. 4.—W. H. C. 3.

Dr. *Balance Sheet, Union Bank of*

CASH.

Notes of this Bank	$ 1,588,337 00	
Notes of other Banks	4,405 00	
Specie	225,439 83	$ 1,818,181 83

DUE FROM OTHER BANKS AND AGENTS.

Bank of Liverpool	49,080 62	
Bank of Nova Scotia	10,816 38	
Bank of Montreal	25,944 38	
Merchants' National Bank, Boston	18,865 20	
Commercial B[illegible] of Newfoundland	45,500 00	150,206 58

DUE TO THE BANK, INCLUDING BILLS DISCOUNTED.

Local Bills discounted	519,865 82	
British Bills of Exchange purchased	102,507 77	
Colonial Bills of Exchange on hand	1,742 05	
Do. do. remitted to agents.	300 00	
Current Accounts	2,792,474 08	
Past due Bills	52,517 00	
Returned Bills of Exchange	18,895 32	
Union Insurance Co., Liverpool open policy	233 12	
Newfld. Government Debentures 5 per cent.	34,319 85	
City of Halifax School Bonds 6 per cent	2,000 00	
City of St. John N.B. Debentures 6 per cent.	9,800 00	
New York City 5 per cent. Bonds	250,000 00	
Chicago & Erie 1st Gold Bonds 5 per cent.	250,000 00	4,034,660 01
Col. Exchange Account	5,146 76	
Bank premises	16,000 00	
Charges Account	11,186 95	
Discounts & Premiums on Bonds purchased and sold	40,141 97	72,475 68
		$ 6,075,524 10

Newfoundland, 30th November 1894.

C.

NOTE ACCOUNT.

In circulation	$ 732,328 00	
On hand, Issuable	1,070,337 00	
Do. unissuable	18,000 00	
		2,320,665 00

DUE TO BANK AGENTS AND OTHER BANKS.

Union Bank of London	255,279 65	
National Bank of Commerce, New York	22,873 49	
		278,153 14

CASH DEPOSITED NOT BEARING INTEREST.

Current Accounts	1,474,470 07	
Less Savings Bank Balance	953,852 86	
		520,617 21

CASH DEPOSITED BEARING INTEREST.

Deposit Receipts	842,265 00	
Add Savings Bank Balance	953,852 86	
		1,796,117 86
Interest Account Deposit Receipts	26,200 00	
Interest Account	29,455 73	
Suspense Account	557 26	
Dividend No. 79	456 00	
Bonus No. 36	228 00	
		56,896 93
Exchange Account	30,919 94	
Bad and Doubtful Debt Fund	258,834 23	
Capital Stock paid up	456,000 00	
Reserve Fund	320,000 00	
Profit & Loss undivided	7,319 79	
Contingent Account	30,000 00	
		1,103,073 96
		$ 6,075,524 10

W. H. C.—4.

Union Bank of Newfoundland.

Copy of Minutes, 8th June, 1893.

The Board met this day at one o'clock :—Present, Sir R. Thorburn in the chair, Mr. Harvey, Mr. Grieve, Mr. Donnelly and the Manager. Bills amounting to $17,697.46 were offered for discount and approved. An application to transfer two shares from Charles Nicholls to James Haw w pproved. The Directors have to record that they have counted whole of the Cash on hand at 31st May, which they found correct, compared the Bills discounted on hand, compared the Ledger of General Accounts, also the Ledger of Individual Accounts, which they found to agree with the Statement of the affairs of the Bank for the year ending 31st May to be submitted to the Proprietors at the Annual Meeting on 17th inst.

(Signed) ROBERT THORBURN,
Chairman.

W. H. C.—5.

Union Bank of Newfoundland.

Copy of Minutes, Friday, 16th June, 1893.

The Board met this day at one o'clock : Present, Sir Robert Thorburn in the chair, Mr. Harvey, Mr. Donnelly and the Manager. Bills amounting to $9,919.62 were offered for discount and approved. The Manager having submitted a statement showing the profits of the year to be $31,216.20, making with $,428.43, balance of Profit and Loss account last year, and $40,000 from Reserve Fund, a total for distribution of $77,644.63, it was decided to appropriate this amount as follows, viz. :

$27,360.00 for payment of Dividend in December last,
27,360.00 for payment of Dividend to be paid on 21st inst.
13,680.00 for payment of Bonus of $3 per share to be paid on 21st inst.
and 9,244.63 to be left on Profit & Loss account.

$77.644.63

(Signed) ROBERT THORBURN,
Chairman.

Copy of Minutes, 17th June 1893, Saturday.

ANNUAL MEETING.

Annual General Meeting of the Proprietors of the Union Bank of Newfoundland, held at the Banking house this day. The meeting was opened by Sir Robert Thorburn, Chairman. An abstract statement of the affairs of the Bank was submitted, and the following Report read by the Manager:—

THIRTY-NINTH ANNUAL REPORT.

(Report already in Evidence.)

Mr. D. J. Greene proposed the adoption of the Report, which was seconded by Mr. James R. Knight, and carried unanimously. Hon M. Monroe proposed a vote of thanks to the Directors for their able management during the past year, which was seconded by Mr. O'Reilly and Mr. James Baird, and carried unanimously. Ballot was then taken, when the former Board was unanimously re-elected, viz.: Sir Robert Thorburn, Hon. A. W. Harvey, Mr. W. B. Grieve, Mr. W. J. S. Donnelly and Mr. R. S. Munn.

(Signed) ROBERT THORBURN,
Chairman.

D—W. H. C.—7.

Statement taken from Balance Sheet shewing Loans &c., for November and May, 1893 and 1894.

31st MAY, 1893.

Local Bills Discounted	$ 393,369 79
British Bills purchased	19,533 27
Colonial Bills remitted Agents	30,700 00
Current Accounts	1,768,124 68
Past Due Bills	90,185 57
Returned Bills of Exchange	18,895 32
Union Insurance Co., open Policy	238 12
Adjusting Interest Accoun	26,052 01
Exchange Account	1,842 76
This Amount should be added to "Balances due by Banks"	14,786 58
	$2,363,728 10

30th NOV., 1893.

Local Bills Discounted	$ 591,988 27
British Bills Exchange purchased	95,887 05
Colonial Bills of Exchange	73 382 56
Current Account	2,318,275 65
Past Due Bills	83,778 09
Returned Bills of Exchange	18,895 32
Union Insurance Co.	238 12
	$3,182,445 06

31st MAY, 1894.

Local Bills Discounted	$ [illegible] 1
British Bills of Exchange	[illegible] 93
Colonial do.	34,469 42
Current Accounts	2,243,211 49
Past due Bills	62,307 10
Returned Exchange	18,895 32
Union Insurance Co	238 12
Adjusting Interest acct	23,101 93
	$2,881,671 72

30th NOV., 1894.

Local Bills Discounted	$ 519,865 82
British Bills of Exchange	102,507 77
Colonial do.	2,042 05
Current Account	2,792,474 08
Past due Bills	52,517 00
Returned Bills of Exchange	18,895 32
Union Insurance Co	238 12
	$3,488,540 16

E—W. H. C.—7.

PROFIT AND LOSS ACCOUNT.

Balance at 31st May, 1893, after transfer of profits		$ 9,244 63
Do.	30th Nov. 1893,	15,172 15
Do.	31st May 1894, ditto	7,319 79
Do.	30th Nov. 1894	7,319 79

F—W. H. C. 7.

CONTINGENT ACCOUNT.

	Cr.
At 31st May, 1893	Nil.
At 30th Nov., 1893	Nil.
At 31st May, 1894	$ 30,000
At 30th Nov., 1894	30,000

W. H. C.—7½.

General Statement of the affairs of the Union Bank of

LIABILITIES :

To Proprietors Capital		$ 456,000 00
To Reserve Fund		320,000 00
To Profit and Loss (undivided profit)		7,319 79
To Bank notes in circulation		616,080 00
To Due by Bank, including deposits at interest payable in January and July only on receiving 15 days notice		3,015,305 59
To Dividend No. 78 of 6 per cent. for half-year ending 30th November 1893	$ 27,360	
To Dividend No. 79 of 6 per cent. for half-year ending 31st May 1894	27,360	
To Bonus No. 36 of $3 per share for half-year ending 31st 1893	13,680	
	68,400	
Less Dividend to 30th November last paid	27,360	41,040 00
		$ 4,455,745 38

Average amount of Notes in circulation and Specie on hand for each month of the year ending 31st May, 1894.

1893.	Circulation.	Specie.	1893.	Circulation.	Specie.
June	581,500	202,700	December	740,394	193,279
July	623,060	197,263	January 1894.	694,539	194,878
August	616,950	196,558	February	646,282	200,678
September	660,084	193,343	March	620,688	203,285
October	714,026	192,474	April	641,295	204,184
November	792,732	192,608	May	620,380	199,266
			Average for the year	662,661	197,518

Newfoundland, for the year ending 31st May, 1894.

ASSETS:

By Specie in vault of the Bank	$ 196,974 82
By Notes of other Banks	517 00
By Bills discounted, Loans, etc.	2,881,671 72
By Balances due by Banks and funds available in 15 days	1,360,581 84
By Bank Premises, Iron Safes and Furniture	16,000 00
	$ 4,455,745 38

We the undersigned Directors of the Union Bank of Newfoundland hereby certify that to the best of our knowledge and belief the within is a true and correct Statement of the affairs of the Bank.

ROBERT THORBURN,
Chairman.
W. J. S. DONNELLY,
ROBERT S. MUNN.

NEWFOUNDLAND,
St. John's,
To wit.

Charles S. Pinsent of St. John's, Pro-Manager of the Union Bank of Newfoundland, maketh oath and saith that the within Statement is just and true to the best of his knowledge and belief.

C. S. PINSENT,
Pro-Manager.

Sworn before me at St. John's, Nfld.,
this 12th day of June, A.D. 1894.

D. W. PROWSE,
Stipendiary Magistrate for Nfld.

Union Bank of Newfoundland,

St. John's, 16th June, 1894.

FORTIETH ANNUAL REPORT.

The Directors have pleasure in submitting to the Proprietors the Fortieth Annual Report and the abstract Statement of the affairs of the Bank for the year ending 31st May, 1894.

The net Profits for the year, after all deductions for expenses of management, rebate on Local Bills Discounted not yet due, computed interest on Deposit Receipts outstanding, and allowing for all bad and doubtful debts, are $86,475.16, making with $9,244.63, balance at credit of Profit and Loss account last year, a total for distribution of $95,719.79, which your Directors have appropriated as follows, viz.:

For Dividend of 6 per cent. paid in December last	$27,360 00
For Dividend of 6 per cent. to be paid on 20th instant ...	27,360 00
For a Bonus of $3 per share to be paid on 20th instant ..	13,680 00
To Reserve Fund.....	20.000 00
Leaving a balance at credit of Profit and Loss account of	7,319 79
	$95,719 79

The Directors regret to have to inform the shareholders of the serious illness of Mr. Goldie, the Manager, who is now in Britain on leave of absence, for the purpose of obtaining the best medical advice, which it is hoped will lead to his restoration to health,—in the meantime his place is being filled by Mr. Pinsent, who on a former occasion acted in a similar capacity.

In conformity with the Act of Incorporation the Directors now retire from office, and are eligible for re-election.

W. H. C. 11.

Union Bank of Newfoundland.

Liability of Directors on Current Account at 31st May, 1893.

Baine, Johnston, & Co.	$183,845 45	
do. Seal Oil	28,000 00	
		$211,846 12
W. J. S. Donnelly, No. 1.	75,163 66	
do. No. 2.	2,452 94	
		77,616 60
Harvey & Co.	42,180 66	
Furniture Co.	18,480 25	
		60,660 91
J. Munn & Co.		70,404 93
Thorburn & Tessier	280,610 30	
do. Seal Oil.	57,341 26	
W. Grieve & Co.	19,939 06	357,890 62
		$778,419 18

(The above amounts are included in item $1,768,124.68, Balance Sheet, 31st May, 1893.)

B—W. H. C 11.

Union Bank of Newfoundland.

Liability of Directors on Current Account at 30th November, 1893.

Baine, Johnston, & Co.	$232,979 82	
do. Seal Oil	28,327 48	
		$261,307 30
W. J. S. Donnelly, No. 1.	73,913 66	
do. No. 2.	3,287 83	
		77,201 49
Harvey & Co.	62,187 35	
Furniture Co.	19,037 14	
		81,224 49
J. Munn & Co.		158,940 25
Thorburn & Tessier	379,233 30	
do. Seal Oil	19,715 27	
W. Grieve & Co.	20,532 31	419,480 88
		$998,154 41

(The above amounts are included in item $2,318,275.65, Balance Sheet of 30th November, 1893.)

C—W. H. C. 11.

Union Bank of Newfoundland.

Liability of Directors on Current Account at 31st May, 1894.

Baine, Johnston, & Co.		$294,117 85	$294,117 85
W. J. S. Donnelly, No. 1		73,413 66	
do.	No. 2	4,743 45	
			78,157 11
Harvey & Co.		67,451 76	
Furniture Co.		19,612 95	
			87,064 71
John Munn			74,611 79
Thorburn & Tessier		337,945 82	
do.	W. Grieve & Co.	21,153 33	359,099 13
			$893,050 61

(These amounts are included in item $2,243,211.49, Balance Sheet 31st May, 1894.)

D—W. H. C. 11.

Union Bank of Newfoundland.

Liability of Directors on Current Account at 30th November, 1894.

Baine, Johnston, & Co.			$ 434,606 01
W. J. S. Donnelly, No. 1		$72,163 66	
do.	No. 2	5,273 25	
			77,436 91
Harvey & Co., act. Furniture Co.			20,196 50
J. Munn & Co.			198,795 74
Thorburn & Tessier		468,504 19	
do.	W. Grieve & Co.	21,782 70	490,286 89
			$1,221,322 05

(The above amounts are included in item $2,792,478.08, Balance Sheet 30th November, 1894.)

W. H. C. 12.

Union Bank of Newfoundland.

Liability of Directors on Exchange, 31st May, 1893.

Baine, Johnston, & Co., ...	$120,000 00
J. Munn & Co., ...	151,200 00
Thorburn & Tessier	78,240 00
	$349,440 00

B—W H. C. 12.

Union Bank of Newfoundland.

Liability of Directors on Exchange, 30th November, 1893.

Baine, Johnston, & Co., ...	$192,000 00
J. Munn & Co., ...	369,600 00
Thorburn & Tessier	98,880 00
	$660,480 00

C—W. H. C. 12.

Union Bank of Newfoundland.

Liability of Directors on Exchange, 31st May, 1894.

Baine, Johnston, & Co., ...	$168,000 00
J. Munn & Co., ...	168,000 00
Thorburn & Tessier	60,480 00
	$396,480 00

D—W. H. C. 12.

Union Bank of Newfoundland.

Liability of Directors on Exchange, 30th November, 1894.

Baine, Johnston, & Co., ...	$172,800 00
J. Munn & Co., ...	345,600 00
Thorburn & Tessier	90,840 00
	$609,240 00

W. H. C. 13.

Union Bank of Newfoundland.

Liability of Directors as Promissors and Endorsers on Bills Discounted, 31st May, 1893.

Baine, Johnston, & Co.	$ 39,261 00	
Harvey & Co.	188,373 00	
J. Munn & Co.	9,831 00	
Thorburn & Tessier	16,142 00	
		$253,607 00

B—W. H. C. 13.

Union Bank of Newfoundland.

Liability of Directors as Promissors and Endorsers on Bills Discounted, 30th November, 1893.

Baine, Johnston, & Co.	$ 62,434 00	
Harvey & Co.	295,213 00	
J. Munn & Co.	18,457 00	
Thorburn & Tessier	10,624 00	
		$386,728 00

C—W. H. C. 13.

Union Bank of Newfoundland.

Liabilility of Directors as Promissors and Endorsers on Bills Discounted at 31st May, 1894.

Baine, Johnston, & Co.	$ 18,783 00	
Harvey & Co.	195,584 00	
J. Munn & Co.	9,183 00	
Thorburn & Tessier	38,724 00	
		$262,274 00

D—W. H. C. 13.

Union Bank of Newfoundland.

Liabilities of Directors as Promissors and Endorsers on Bills Discounted at 30th November, 1894.

Baine, Johnston, & Co.	$ 30,720 00	
Harvey & Co.	233,984 00	
J. Munn & Co.	15,002 00	
Thorburn & Tessier	12,129 00	
		$291,835 00

W. H. C. 27.

Statement shewing yearly balance of Notes running between R. J. Harvey (charged to R. Harvey & Co.) and Harvey & Co. from 1875 to 1894.

Balance at end of 1875	$12,000 00	Balance at end of 1885	$52,000 00
1876	38,000 00	1886	70,000 00
1877	44,000 00	1887	70,000 00
1878	44,000 00	1888	84,000 00
1879	50,000 00	1889	98,000 00
1880	52,000 00	1890	98,000 00
1881	48,000 00	1891	98,000 00
1882	56,000 00	1892	28,000 00
1883	70,000 00	1893	84,000 00
1884	62,000 00	1894	98,000 00

W. H. C. 28.

Union Bank of Newfoundland.

Reserve.

31st May	1855	£ 1,130	31st May	1875	£ 60,000
"	1856	3,763	"	1876	68,000
"	1857	7,500	"	1877	76,000
"	1858	10,220	"	1883 to Capital £38,000	50,000
"	1860	12,000	"	1884	55,000
"	1866	13,000	"	1885	60,000
"	1867	18,000	"	1888	$ 280,000
"	1868	25,000	"	1889	300,000
"	1869	40,000	"	1890	320,000
"	1870	45,000	"	1892	340,000
"	1872	50,000	"	1893 to P. & L. $40,000	300,000
"	1873 to Capital £25,000	35,000	"	1894	32[illegible],000
"	1874	45,000			

C S. P. 9.

Exchange Account

Due to Union Bank of London		$129,561 69	
Due by Bank of Liverpool..... £	37,359 41		
Bills of Exchange on hand.	1,041 93	38,401 34	
Commission Stamps	20 per cent.	91,16. 35	
Liverpool 300 70..			
London 1160 150.....		18,232 07	
Add Commission Stamps.....		1,680 00	
		19,912 07	
At Credit of Account.....		34,624 58	$ 14,712 51

Colonial Exchange

At Credit of Account...		26,279 92	
Due by Correspondents.....	108,425 80		
Col. & Amn. Bills of Exchange ..	34,466 42		
Col. & Amn. Investments...	1,104,800 00		
1½ per cent.	1,247,692 22	18,715 38	7,564 54

Interest

At Credit of Account.....		90,021 19	
Due on Current Account.....		23,188 29	
Due by Commercial Bank of Nfld.		569 83	
Due by Bank of Liverpool...		100 00	
Due by National Bank of Commerce		450 00	
Due on Investments at 4 per cent. .		1,493 33	
" 5 per cent. .		4,048 32	
" " 6 per cent. .		1,575 00	
		121,445 96	
Due to Union Bank of London...	2,500 00		
Rebate on Local Bills Discounted..	5,822 84	8,322 84	113,123 12
			135,400 17
Less Charges Account.....			24,852 53
Net Profits for the year.....			110,547 64
Balance at Profit and Loss Account viz.: at credit on 31st May, 1893	$9,244 63		
and on Nov. 30th 1893 account Ellershausen.....	5,927 52		
			15,172 15
			$125,719 79

Dividends..... ....$	54,720 00
Bonus.....	13,680 00
Reserve.	20,000 00
Contingent Account...	30,000 00
Profit and Loss.....	7,319 79
	$125,719 79

31st May, 1894.

Shares transferred from 17th June 1893 to 19th Nov. 1894.

By whom Transferred.	To whom Transferred.	No. of Shares.
Lydia Gertrude Ayre	Mary J. Pendergast	5
do.	James D. Ryan	1
Mary Julia Ayre	do.	2
Est. . Manning	Annie Lawlor	3
James S. Pitts	John T. Gillard	5
James Jolliffe	Robert J. Moore	2
James S. Pitts	Jos. I. Little, Trustee	10
Est. E. Maher	W. V. Whiteway	10
do.	Catherine A. Whiteway	5
do.	Mary E. Whiteway	5
Est. Eugenius Harvey	Patrick Kennedy	20
Jas. S. Pitts	Grace D. Parnell	6
do.	Jos. I. Little, Trustee	2
Mary Campbell, Admx.	Mary Campbell	18
Pierce Phelan	A. G. Smith	1
Mary Campbell	Jas. Carter	8
do.	W. Pilot, Trustee	4
do.	Thos. J. Kough	6
Julia Killegrew	Henry Cooke	2
Jas. S. Pitts	Ellen Brownrigg	5
do.	Jane McKay	2
do.	Denis Galway	2
Est. Isabella Alexander	A. E. C. Bayly	4
James S. Pitts	John F. Power	3
John T. Gillard	George J. Keough	1
do.	do. Trustee	1
Clara Emerson, Executrix	A. G. Smith	7
A. G. Smith	R. H. Taylor	8
William Dickinson	do.	1
Pierce Phelan	E. P. Morris	2
do.	A. G. Smith	1
J. T. Gillard	John J. Hennessy	12

By whom Transferred.	To whom Transferred.	No. of Shares.
Est. Jos. Crowdy	John J. O' eilly	5
do.	Geo. O'Reilly	5
L. Parker & Jas. F. Parker	L. Parker	15
do. do.	Jas F. Parker	15
Jas. S. Pitts	Bridget McGrath	5
do.	Robt. J. Moore	2
do.	Jas. O'Brien	8
do.	.nnie Clancy	5
Bridget McGrath, Ex.	Bridget McGrath	9
Est. Laura Hayward	Anna R. Hewitt	2
do.	Harrison R. Hayward	2
do.	do. Trustee	2
do.	do. do.	2
do.	Wm. A. Hayward	2
do.	Julia S. Simms	2
do.	A. S. Hayward	2
do.	Louisa Hayward, Trustee	1
do.	F. C. W. Hayward	2
do.	A. S. Hayward and F. C. W. Hayward, Exors.	8
Jas. S. Pitts	John J. Hennessy	15
Fred. C. W. Hayward	Jas. Carter	2
Est. Eugenius Harvey	do.	2
do.	John J. Hennessy	5
Jas. S. Pitts	J. O'Flaherty, Exr., E. O' Flaherty, Ex.	10
do.	do. do.	10
Est. Eugenius Harvey	John Angel	4
do.	Elizabeth O'Flaherty	2
Est. H. G. H. Gill	S. Milley	4
do.	Nicholas Walsh	5
Est. Jos. Crowdy	H. M. McNeil	2
James Baird	Jas Gordon	40
Hattie Wadden	John T. Gillard	5
John T. Gillard	Annie Clancy	5

By whom Transferred.	To whom Transferred.	No. of Shares.
John T. Collins	J. Theresa Collins	4
Est. H. G. H. Gill	Jas. D. Ryan	10
Jas. F. Parker	Jas. S. Pitts	5
Daniel Monroe	do.	8
Arthur T. S. Hayward	Jas. J. Crowdell	2
James S. Pitts	John J. Hennessy	13
Jas. F. Parker	John Crotty Tobin	4
Est. Laura Hayward	H. R. Hayward, Trustee	2
do.	Mary Ann Fitzgerald	2
James. F. Parker	Hannah M. Mitchell	1
do.	John T. Gillard	5
Est. H. G. H. Gill	John J. Hennessy	5
do.	Daniel A. Ryan	5
Est. Laura Hayward	John J. Hennessy	2
John T. Gillard	Kenneth R. Prowse	1
do.	R. H. Taylor	4
Elizabeth S. Green	Est. Jos. Crowdy	3
Est. H. G. H. Gill	John J. Hennessy	11
John T. Gillard	Ellen Brownrigg	7
do.	Jane McKay	5
Thomas Shortall, sr.	Thomas Shortall, jr.	2
Est. Jos. Crowdy	James Haw	9
do.	John J. Hennessy	10
Flora H. Crowdy	James Haw	4
Est. Jos. Crowdy	Henry Scott	4
Jas. Carter	Mary O'Morry	5
John T. Gillard	John Ledingham, Trustee	10
do.	George J. Keough	1
do.	do. Trustee	1
Pierce Phelan	John T. Gillard	1
Est. Jos. Crowdy	A. P. Mackay	5
Est. Jas. Burden, sr.	Henry Burden	2
do.	James Burden	2

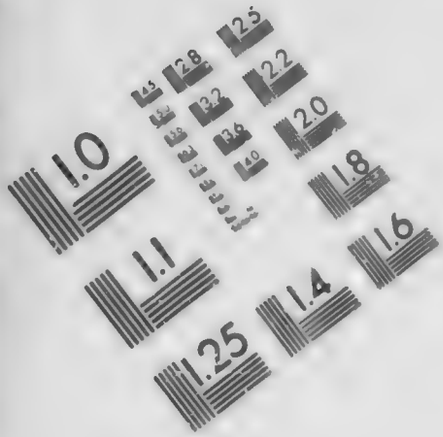
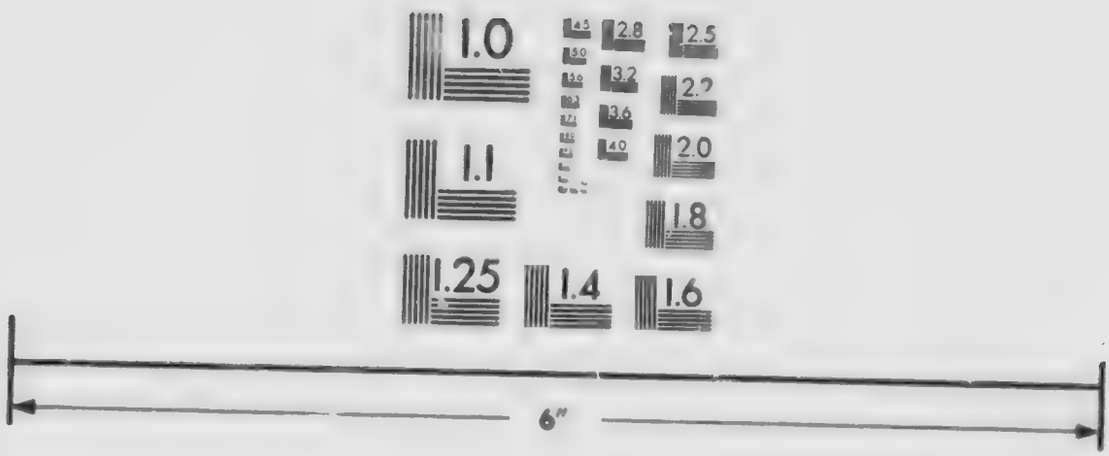
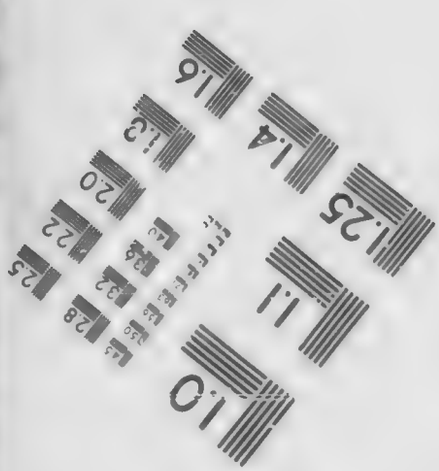
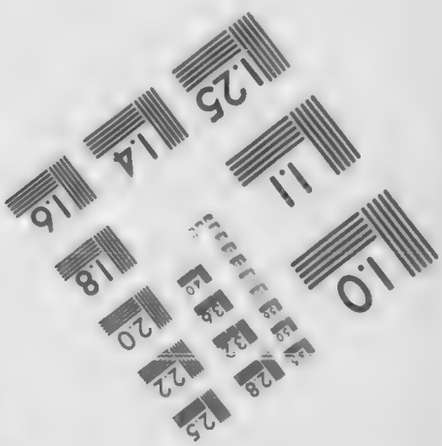


IMAGE EVALUATION
TEST TARGET (MT-3)







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Sciences
Corporation

23 WEST MAIN STREET
WEBSTER, N.Y. 14580
(716) 872-4503

By whom Transferred.	To whom Transferred.	No. of Shares.
Est. Jas. Burden, Sen.	John Burden	2
do.	Kenneth Burden	2
do.	Clara Burden	2
do.	Elizabeth Burden	2
do.	Henry & Kenneth Burden	1
do.	James & John Burden	1
do.	Elizabeth & Clara Burden	1
Est. Jos. Crowdy	M. Harvey	5
John T. Gillard	Wm. Fleming	3
Jas. S. Pitts	do.	3
Est. William Stirling	Anna M. B. Ledingham	6
Est. Jos. Crowdy	John J. Kearney	10
do.	Wm. Fleming	3
Elizabeth O'Flaherty, Ex., J. O'Flaherty, Exr.	- lizabeth O'Flaherty	20
John T. Gillard	Wm. Fleming	2
James Thomson, Trustee	Anna Mather	12
Est. Jos. Crowdy	Mary A. Bradshaw	2
do. & G. W. Hill, Trustees	Sophia Bazalgette	12
Est. J. J. Winsor	Mary Winsor	3
Wm. Dickinson	Richard Dwyer	5
Est. J. E. Florence	do.	5
John T. Gillard	John Angel	3
Jos. I. Little, Guardian	A. F. Dearin	33
A. F. Dearin	J. T. Gillard	3

Exchange Account

Due to Union Bank of London		$255,279 65	
Due by Bank of Liverpool ..... $	49,080 62		
Bills of Exchange on hand.	102,507 77	151,588 39	
Commission Stamps	20 per cent.	103,691 26	
Liverpool 1070 200			
London 1350 196		20,738 25	
Add Commission and Stamps		2,816 00	
		23,554 25	
At Credit of Account		30,919 94	$ 7,365 69

Interest

At Credit of Account		29,445 73	
Due on Current Accounts		34,989 42	
Due by Com. Bank of Newfoundland		671 90	
Due by Bank of Liverpool		50 00	
Due on Investments at 5 per cent. .		2,798 32	
" " 6 per cent. .		75 00	
		68,040 37	
Due to Union Bank of London	1,800 00		
Due to National Bank of Commerce	2,600 00		
Rebate on Local Bills Discounted ..	6,080 00	10,480 00	57,560 37
			64,926 06

Colonial Exchange

At Debit of Account		5,146 76	
Due by Correspondents	32,752 47		
Col. & Amn. Bills of Exchange ..	2,042 05		
Col. & Amn. Investments	511,800 00		
1½ per cent. on	546,594 52	8,198 92	13,345 68
			51,580 38
Less Charges Account			11,186 95
			40,393 43
Balance at Credit of Profit and Loss Account			7,319 79
			$ 47,713 22

30th. November, 1894.

C. S. P. 21.

Union Bank of Newfoundland.

Memo. shewing total for distribution as on the 31st May, 1893.

May, 31st 1893, Interest Account, ...	...profit	$100,615 50	
Exchange Account, ...	do.	27,857 61	
Col. Exchange Account	do.	39,937 67	
(including $40,000 estimated premiums on New York City 5 per cent. Bonds)			
			$168,410 78
Contingent Account		20,000 00	
Leasehold Premises, Water Street...		34,693 93	54,693 93
			223,104 71
Less :—			
Charges Account		27,268 24	
Bad & Doubtful Debt Fund.....		164,620 27	191,888 51
Net profit for the year			31,216 20
Add Profit & Loss Account, balance from last year			6,428 43
			37,644 63
Add Amount taken from Reserve Fund			40,000 00
Total for Distribution			$ 77,644 63

Exchange Account

Due to Union Bank of London		$ 58,202 38	
Due by Bank of Liverpool ..... $	60,092 93		
Bills of Exchange on hand.	19,533 27	79,626 20	
Commission Stamps	20 per cent.	21,423 82	
Liverpool 656 90..			
London 1496 200.....		4,284 76	
Commission and Stamps		2,442 00	
		1,842 76	
At Credit of Account.....		26,014 85	$ 27,857 61

Colonial Exchange

At Credit of Account...		31,211 82	
Premium on Investments.....		40,000 00	
		71,211 82	
Due by Correspondents.....	104,443 92		
Col. & Amn. Bills of Exchange ..	30,700 00		
Col. & Amn. Investments...	1,949,800 00		
½ per cent.	2,084,943 92	31,274 92	39,937 67

Interest

At Credit of Account.....	74,563 49	
Due on Current Accounts.....	9,023 58	
Due on Union Bank of London acct..	580 00	
Due on Bank of Liverpool do.	3,000 00	
Due on National Bank of Commerce do.	1,500 00	
Due on Com. Bank of Newfoundland do.	642 45	
Due on Investments at 4 per cent. ...	6,999 99	
" " 5 per cent. ...	7,281 65	
" " 6 per cent. ...	1,575 00	
	105,166 16	
Less Rebate on Bills Discounted ..	4,550 66	100,615 50
		168,410 78
Less Charges Account.....		27,268 24
		141,142 54
Balance at Credit of Profit and Loss Account..... ...		61,112 36
31st May, 1893.		$202,264 90

Union Bank of Newfoundland.

BONDS.

$ 200,000	N. York, Ontario & Western R. Co. 4 per cent. Bonds purchased Aug. 1892. Sold March 1894	(loss)	$ 2,180
200,000	St. Paul, Minneapolis & Man. R. Co. 4 per cent. Bonds purchased Aug. to Dec. 1892. Sold Sep. 1893 & Octr. to Nov. 1894	"	9,416
150,000	Chic., & N. Western Sinking Fund 5 per cent. Debentures purchased Feby. to July 1893. Sold Nov. 1893 & Feby. 1894	"	1,778
100,000	Chic., Rock Island & Pacific 5 per cent. Bonds purchased Dec. 1892. Sold Feby. 1894	"	1,486
250,000	Pacific Rd. of Missouri 1st Gold Bonds 4 per cent. purchased Oct., 1892. Sold Sep. 1893 & May to July 1894	"	4,017
150,000	Chic., Bur. & Quincy 5 per cent. Debentures purchased Dec. 1892. Sold Sept. 1894	"	7,737
50,000	Columbus, Hocking Valley & Toledo Gold Bds 5 per cent. purchased Octr. 1892. Sold Sep. 1894	"	3,003
			29,623
100,000	Hannibal, & St. Joseph, Con. 6 per cent. Bonds purchased Feby. to Mar. 1893. Sold June 1894	(profit)	$1,456 60
250,000	N. York, Chic. St. Louis 1st Gold Bonds 4 per cent. purchased Octr. 1892. Sold Nov. 1893 & Mar. 1894	"	1,106 34
$1,450,000			2,562
	Loss on Bonds Sold		$27,060

W. W. W. 1.

General Statement of the affairs of the Union Bank of Newfoundland on the 31st December 1892.

LIABILITIES.

To Proprietors Capital	$	456,000 00
To Reserve Fund		320,000 00
To Profit & Loss		30,125 39
To Bank Notes in circulation		714,873 00
To Due by Bank, including deposits at interest, payable in January and July only, on receiving 15 days noti e		2,587,697 06
		$4,198,695 45

ASSETS.

By Specie in vault of the Bank	$	94,196 43
By Notes of other Banks		3,905 00
By Bills discounted, Loans, etc		3,420,233 02
By Balance due by Banks and funds available in 15 days		574,360 97
By Bank Premises, Iron Safes and Furniture		16,000 00
		$4,108,695 45

W. B. GRIEVE,
ROBERT THORBURN,
W. J. S. DONNELLY.

C. 2